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## Southeast Asia Report

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# SWEDISH EXPERT VIEWS WESTERN ANALYSES OF RECENT PAST

Stockholm SVENSKA DAGBLADET in Swedish 14 Dec 84 p 16

[Article by Sture Linner, a visitor to Cambodia each year since 1979, most recently as a representative of the Swedish Red Cross: "Cambodia--Where the Catastrophes Hit"]

[Excerpts] Two new books deal with Cambodia's recent history. It is a tragic one, full of catastrophes which were taken out on the civilian population.

Recently, as I revisited Cambodia, I was given the opportunity to study, in the royal palace of Phnom Penh, a mural covering the walls around one of the inner courtyards. The fresco represents primarily war scenes from the country's previous history. What struck me was not the glorification of the victors and the painting of the opponents in dark colors (literally as well). Such a simplified view certainly has its equivalent in closer quarters. No, it was the nauseating voluptuousness with which the cruelty is depicted: they sink their teeth into the enemy's limbs, tear him apart or scald him to death.

Worried, the observer asks himself: Maybe Pol Pot and his crew, who tormented and massacred their own countrymen with such horrifying efficiency during the years 1975-1979, were not an isolated phenomenon? Do they instead have their equivalents in Cambodian history and tradition, albeit that the foreign heretical doctrines (of Russian and Chinese origin, among others) have further intensified their desire for murder and destruction? Strangely enough, only a very few of those who have attempted to analyze Pol Pot's reign of terror have even touched on these questions.

The reaction came toward the end of 1978, when the Vietnamese invaded Cambodia, expelled their former allies, the Khmer Rouge, from Phnom Penh and installed a puppet government under the leadership of President Heng Samrin, today still the country's titular head of government.

In a just published book, "Cambodia 1975-1982" (South End Press, Boston), an American who is well qualified for the job, Michael Vickery, has tried to put Pol Pot in a historical perspective. As early as the 1960's the author worked as a language teacher in Cambodia and since then has often returned there; he has also written a doctoral dissertation at Yale University on the country's history 1300-1500. Furthermore, he has mastered all of the Khmer dialects.

And not least important: He makes obvious efforts to be impartial in his representation.

Vickery states several examples of how torture, executions, destructions of villages and forced migration of various population groups have characterized Cambodia's history for centuries. Sudden and arbitrary violence continued to affect large portions of the rural population as late as the 1940's and during the subsequent two decades.

It is possible to imagine the difficulties with which the Heng Samrin government met as it--immediately after many years of jungle fighting, without any kind of training in administration--was trying to replace the crushed administrative apparatus with a new one and create some sort of order in a country, where mutually hostile population groups had been shoved together so brutally and where sudden and violent death, famine and disease were the only common links. In the Vietnamese intervention the new regime saw not an invasion buth protection against total anarchy and against Pol Pot's attempts to reestablish his terror regime. I remember a few words said by President Heng Samrin during our first meeting in 1979: "When a house is on fire, a flood is welcome."

It was in the midst of the chaos created by Pol Pot that the UN in 1979 initiated its biggest relief action up to then. William Shawcross, known for his book on Cambodia a year or so ago, has written about this in a recently published major volume, "The Quality of Mercy: Cambodia, Holocaust and Modern Conscience" (Andre Deutsch).

It is understandable that of all people Shawcross, the son of the British chief prosecutor at the Nuremberg trials, states Hitler's massacres of the Jews as the closest parallel to the Cambodian genocide. In view of the fact that in the latter tragedy there were other factors besides race hatred which triggered the mass executions, one might wonder whether a comparison with Stalin's outrages might not be more appropriate.

In any case, the Cambodian catastrophe appealed strongly to the imagination and conscience of the West, and close to 1 billion dollars were invested in just a few years in foreign aid, until the crisis in Teheran and in other parts of the world forced the Cambodian famine victims off the television screens and off the front pages of the press.

In a praiseworthy manner Shawcross has compiled a large number of interesting data about this historic relief action. In a clear-sighted and visual way he describes the political intrigues in the West and East which complicated its start and accomplishment; the analysis of what the relief organizations achieved or failed to do is often sharp-eyed and relevant.

Unfortunately, in several important connections this representation is also superficial and unreliable. This applies above all to the negotiations and operations during the first year after the summer of 1979, which in many respects came to characterize the continued aid. Shawcross visited Cambodia

for the first time in the summer of 1980 and founds his description of the earlier relief activity primarily on accounts of the then representatives of the International Red Cross and Unicef. This has the result that we are able to read a great deal about the shortcomings and weaknesses of the Vietnamese and the Phnom Penh regime concerning the organization of the relief, but nothing about the incorrect evaluations and mistakes of the two delegates and their principals which--I am forced to certify--were numerous and grave especially at the initial stage.

It is even more serious that Shawcross, see page 362 ff, questions whether the famine of 1979 was really so serious that it justified the magnitude of the relief action which followed. This conflicts with his previous statements, for example on p 115, where it says about the first representatives of the International Red Cross and Unicef that they, "like nearly every foreigner who visited Cambodia after them, felt touched by the country's distress, ... appalled and awed by the dimensions seemingly required by the relief," etc.

The fact is--which Shawcross points out, p 130--that it was on the basis of my first report on the situation of the country in the summer of 1979 that the head of the UN Food and Agriculture Organization (FAO) took the initiative for the relief action and supplied it with most of what was needed in the way of food. I therefore feel compelled to point out that I based my report on visits to all of Cambodia's provinces--in fact, even today no foreigner (possibly with the exception of a few Vietnamese...) has had the opportunity of studying the local conditions to the same extent. What I saw shook me profoundly and still haunts me in the form of nightmares, although I have seen more than enough of famine and distress and misery in various parts of the world.

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CAMBODIA

HUN SEN ELECTION TO COUNCIL OF MINISTERS CHAIRMAN

BK140605 Phnom Penh SPK in French 0502 GMT 14 Jan 85

[Text] Phnom Penh, 14 Jan (SPK)--Hun Sen, member of the Political Bureau of the KPRP Central Committee and minister of foreign affairs, was unanimously elected to the post of chairman of the PRK Council of Ministers at this morning's meeting of the national assembly's eighth session.

Also this morning, Ti Yav, deputy minister of planning; Kong Sam-ol, minister of agriculture; Khun Chhy, minister of communications, transport, and posts, and Uk Bunchhoeun, minister of justice, answered questions from deputies concerning the activities of their areas of responsibility.

Yesterday the National Assembly heard speeches by deputies from various provinces of the country reporting on the achievements recorded by these localities in the fields of national defense and reconstruction. In addition, Chan Phin, minister of finance; Di Phin, deputy minister of defense; Yit Kim-seng, minister of public health; and Hang Chuon, deputy minister of education, answered questions concerning their areas of responsibility.

Defense Minister Bou Thang also presented a report on proselytizing work among the misled people in 1984. Bou Thang exposed the sabotage maneuvers conducted during the past 6 years by Chinese expansionism against Cambodia's rebirth and the revolution of the three Indochinese countries. He reviewed the activities in the movement to proselytize persons misled by enemy propaganda and stressed the new tasks to be fulfilled in this field in 1985.

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CAMBODIA

#### HUN SEN ATTENDS NATIONAL ART FESTIVAL

BK110839 Phnom Penh SPK in French 0454 GMT 11 Jan 85

[Text] Phnom Penh, 11 Jan (SPK)--The first stage of the 1984 national art festival was successfully concluded last Wednesday in Phnom Penh.

During a period of almost weeks, some 20 professional art troupes from the provinces of Battambang, Kompong Thom, Kompong Cham, Kampot, Takeo, and Kandal, and from Phnom Penh municipality staged their performances.

Present at the closing ceremony were Hun Sen, member of the KPRP Central Committee Political Bureau and acting chairman of the Council of Ministers; Chheng Phon and Him Chhem, respectively minister and deputy minister of information and culture; and other personalities.

Speaking on the occasion, Hun Sen praised the tireless efforts of Cambodian artists in preserving the nation's culture and traditions. He stressed the necessity to develop new artistic works through exchanges of experiences and further studies.

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INDONESIA

## FRETILIN ACTIVITY IN AUSTRALIA SAID TO DECLINE

### FRETILIN Activity in Darwin

Surabaya SURABAYA POST in Indonesian 13 Nov 84 p 1

[Text] Darwin [Northern Territory]--The activities of FRETILIN [Front for the Independence of East Timor] supporters in Australia has declined, according to Soendoro, Indonesian consul in Darwin [Northern Territory], in an interview with a SURABAYA POST representative.

According to the consul, the decline in this activity is evident from the fact that FRETILIN supporters have carried out a smaller number of demonstrations recently, with the exception of certain dates, such as 17 August [Indonesian independence day], 1 May (labor day), and 17 July (the anniversary of the entry of Irian Jaya into the Republic of Indonesia).

He stated: "In general, those who demonstrate are from Portugal. There are only a few people born in Timor who demonstrate."

As a general matter they act, not on the basis of their own desires, but rather because they are urged to do so by a pro-communist group within the Australian Labor Party, led by an agronomist named Wesley Smith.

Those who demonstrate are paid by members of the Left wing of the Australian Labor Party, while they receive moral and material support from the Soviet Union, the consul said. He has served in Darwin, Northern Territory, since the beginning of 1983. He declared that at times the demonstrations sought to destroy the Indonesian Consulate General in Darwin.

According to Soendoro, in terms of the activities of FRETILIN supporters the government of the Northern Territory has been very helpful to the Indonesian Consulate General.

He said: "In general the press, including both the print media and television, has not been critical of Indonesia regarding the Timor question."

In Darwin there are four publications which strongly support Indonesia, while the others merely report the news regarding Indonesia in an objective manner.

When there is a demonstration, the police help the consulate general.

Soendoro often learns in advance if there is a plan for a demonstration because the leader of the Portuguese Association works as a gardener at the Indonesian Consulate General. This person provides information that a demonstration will take place, and the consul can quickly call the police.

In connection with the current visit of Indonesian warships to Darwin it was at first thought that there would be a demonstration. However, security precautions were taken at an early stage because prior information was obtained. The joint Indonesian-Australian naval exercises began on the morning of 6 November, Darwin time.

#### FRETILIN Supporters in Australia

Surabaya SURABAYA POST in Indonesian 15 Nov 84 p 1

[Text] Surabaya--There is no problem with FRETILIN [Front for the Independence of East Timor] supporters in Australia, Rawdon Dalrymple, the Australian ambassador to Indonesia, told the SURABAYA POST on 15 November.

He made this statement in answer to a question regarding the decline in FRETILIN activity in Australia, as has been stated by Soendoro, the Indonesian consul in Darwin, to Sjaiful Irwan, a SURABAYA POST reporter. Ambassador Dalrymple, who is 54 years old, said he was not convinced that the total number of FRETILIN supporters in Indonesia is growing. He also is not convinced that the East Timorese people in Australia are FRETILIN supporters. Many of them are Chinese. He admitted that there were a few refugees who fled to Australia and who have continued to display the same political attitude. However, their activities have not created any problems. They are not "troublemakers," he said. Indonesians should understand that the family and human problems encountered by East Timorese in Australia are generally like those of the rest of humanity.

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# COMMENTS ON DISCONTINUED USE OF KAABA AS PPP SYMBOL

Jakarta MERDEKA in Indonesian 21 Nov 84 pp 1, 12

[Text] Jakarta, 20 November--The change in the use of the Kaaba [sacred stone in Mecca] as the symbol of the Development Unity Party (PPP) will not cause that party any loss of "advantage" in taking part in the 1987 general elections. However, a replacement symbol must immediately be sought, so that the new symbol will become familiar to the rank and file of the PPP. There is still enough time for this process of becoming acquainted with the new symbol to be completed.

This was stated by a number of PPP figures when they were asked for their comments on the approval of the draft bill on changes in the elections law by the Development Unity Faction [PPP group] in Parliament. The Development Unity Faction, at a meeting of its Special Committee on 19 November, which considered the draft bill on changes in the elections law, rejected a proposal on the party's electoral symbol. This means that in the 1987 general elections the PPP will no longer use the Kaaba as its election symbol.

## Tides of Democracy

H. B. Tamam Achda, deputy secretary of the Development Unity Faction, told reporters on 21 November that an alternative electoral symbol for the PPP must be found immediately, so that the process of accustoming the membership of the PPP to the new symbol can quickly be completed. There is still enough time to do this.

According to him, the new, alternative symbol, if it must be taken from the Garuda shield of the Pancasila [Five Principles of the Nation], should be a picture of a star.

A. Muis A. Y., who is also a member of the Development Unity Faction, agreed with H. B. Taman Achda regarding the acceptance of the provisions of the draft law amending the elections law. This is a signal to the PPP to find another symbol as soon as possible.

With the abandonment of the use of the Kaaba as an electoral symbol, according to Muis, who is a former general chairman of the GPK, this won't cause the PPP to lose an advantage in participating in the 1987 general elections.

Asked whether the number of people voting for the PPP list would decline with the change in the electoral symbol, Achda replied calmly that this was one of the things that happen in a democracy, which continues to change.

The important thing, Achda said, is that from now on the PPP must prepare a soft line and a hard line in accordance with the personality of our own people.

According to Muis, for the PPP to be successful in the 1987 elections, the party program must have two elements, which consider the aspirations and interests of the people and the ability of the PPP to present worthy candidates.

#### Best Alternative

Answering questions from reporters, H. B. Tamam Achda stated that the PPP will bring up for consideration two proposals regarding the electoral symbol. A vote will be held in the PPP Special Committee on the General Elections Law to choose the best alternative available.

He said: "This is a statesmanlike attitude which places the interests of the nation and state above group interests."

With the approval of the draft law on changes in the elections law by the PPP, he hoped that PPP members would not be disappointed. He said, by way of warning: "Because it was clear from the beginning that the statesmanlike attitude of PPP General Chairman H. J. Naro was in accordance with the views of the leaders of the New Order."

Meanwhile, Nurhasan Ibnu Hajar, a leader of the Development Unity Party, said that in an implicit way it could not yet be said whether the change in the PPP election symbol is good either in form or in category.

He said: "Because the decision regarding the present election symbol is not yet final, because what was decided in the Special Committee on Changes in the Election Law only involved the concept."

For that reason, in his view, we must wait until the list of candidates for election to Parliament is submitted to the LPU [General Elections Institute] for a decision on the symbol for those participating in the general elections. Nurhasan said: "Talking about it now is premature."

#### Pleased

H. Abdurrahman Wahid, first secretary of the NU [Nahdatul Ulama--Muslim Scholars] Executive Committee, when asked for his comments, expressed confidence that the PPP would be able to replace its electoral symbol.

He considers that the PPP symbol, which has been the Kaaba up to now, tended to overemphasize the link between Islam and political life and gave the impression that the symbol had Islamic political significance.

According to Abdurrachman Wahid, the best thing for the PPP would be political cooperation in the national political context, in which Islamic aspirations are included.

The young NU leader thinks that the change in the election symbol will not have much of an influence on the PPP membership. This is because all of that depends on the ability of the PPP itself to reflect the religious aspirations and the interests of its candidates and voters. If the PPP program does not reflect this, the voters cannot be blamed because the people now are more critical in the way they think.

According to Abdurrachman Wahid, the reason why, up to now, the PPP has not wanted to abandon the Kaaba electoral symbol is that the PPP still lacks self confidence in its own capacities.

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INDONESIA

TEN BILLION RUPIAH FOR REHABILITATION OF MOSQUES

Jakarta PELITA in Indonesian 22 Nov 84 pp 1, 8

[Text] The government allocated 10 billion rupiah, an independently managed fund, for the rehabilitation of mosques in Indonesia in fiscal 1984/85. Included in this figure is 500 million rupiah for the management of the Istiqlal national mosque.

Minister of Religion K.H. Munawir Syadzali, MA cited these figures during a meeting early this week with the ulamas of South Tapanuli district in North Sumatra. He also said that mosques located in the capitals of provinces, districts and subdistricts were being given priority in the use of funds from this allocation for religious affairs.

The minister also noted that the Pancasila Muslim Good Works Foundation (Yayasan Amal Bakti Muslim Indonesia) has collected 300 million rupiah and that this money can be used to build six new mosques at an average cost of 45 million rupiah each.

The foundation is headed by President Suharto. Its secretary is K.H.E.Z. Muttaqien, the chairman of the Indonesian Council of Ulamas (Majelis Ulama Indonesia).

The minister said that 250 million of the 300 million rupiah collected by the foundation was donated by members of the Civil Servants Corps (Korps Pegawai Negeri) and the armed forces, and that 50 million rupiah came from other contributors.

He said that this was indicative of the great attention the New Order government gives to religious life in Indonesia and to the Muslim community is particular, which makes up 90 percent of the population.

The minister of religion and the chairman of the Indonesian Council of Ulamas went to South Tapanuli to lay the first stone for a student dormitory that is being built at the Mustofawiyah School in Purba Baru. This is the oldest religious school in North Sumatra.

## Task of Ulamas

The minister reminded the 250 ulamas attending the meeting that they have the important task of motivating the public to participate in development activities.

He also said that the ulamas, particularly those in the regions, should shield young people from exposure to destructive behavior.

While development has brought progress and made it easy to communicate between one region and another, it also carries influences that can easily develop into negative situations, he said.

In this connection, he said, the abuses that are found in the cities, such as immorality and drunkenness, should and can be prevented from spreading to the villages.

The minister also said that since the Indonesian population, which is 90 percent Muslim, will have a decisive effect on the success of national development, then the ulamas have a significant role in the development process.

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INDONESIA

#### EAST JAVA FBSI NOT FUNCTIONING

Surabaya SURABAYA POST in Indonesian 22 Nov 84 p 2

[Text] The members of the East Java regional executive council of the FBSI [Indonesian Labor Federation/Federasi Buruh Seluruh Indonesia] accept the public's criticism that the labor organization is not functioning at the present time. Drs Med. Ismoe Handoko, the research and development officer of the East Java FBSI, told the SURABAYA POST this afternoon that, "If there are those who say that this is the case then we accept it, for it is clear that the FBSI is not functioning."

He said that this is due to the position now occupied by the FBSI. Noting the unstable condition of the world and national economies, he said that it is certain that all efforts, policies and thinking now are being directed at improving the economy so that the continuity of national development can be maintained. He added that the 4th to 6th 5-Year Plans will provide a runway for economic takeoff and that this takeoff must be accomplished.

Ismoe draws the conclusion that the situation makes it seem as though the workers are being sacrificed for the national interest and as though the FBSI is not functioning.

He likened the situation to one that might be experienced by a company, saying that during a period of economic recession much thought is devoted to the methods that should be followed to maintain the condition of the company.

He also said that the motives behind development projects are not always pure. Some development projects are carried out in the interests of certain groups but the pretext is used that they will serve this interest or that interest. "The FBSI understands this, but it is clear that if we remain consistent in the future then tomorrow will be better than today," he said.

#### Still Concerned

Ismoe, who also is a leader of the 1966 Generation in East Java, said that he is optimistic that in the long term the FBSI can perform a stabilizing and



dynamizing function and can also become an innovator with its plan for Pancasila industrial groups. However, at the present time we are still concerned, he added.

When government officials are contacted about the East Java FBSI they often say that they feel its policies are inflexible and too bureaucratic and that it does not seek an early settlement of the matters in which it is involved. But Ismoe says that the measures taken by the FBSI are intended to avoid excesses. If labor unrest occurs as a result of a company closing down then the closure must be investigated. And if the company is no longer able to continue in operation then the FBSI will acquiesce in the closure, but the proper procedures must be followed, he said.

The FBSI, with the permission of the minister of manpower, can ask a public accountant to investigate the bankruptcy of the company. Consideration must be given to the plight of the workers during the process of closing down, and the company must try to find a way out of its problems or at least explain the situation rather than quietly shutting its doors and abandoning its workers, he said.

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COMMENTARY VIEWS SIGNIFICANCE OF FALL OF AMPIL

BK100529 Jakarta Domestic Service in Indonesian 1200 GMT 9 Jan 85

[Unattributed Commentary: "Vietnam's Capture of Ampil"]

[Text] China's assessment of the Cambodian situation can be seen from the statement made by its foreign minister, Wu Sueqian, in his meeting with a leader of Kampuchean Coalition Government, Prince Sihanouk, in Beijing on Monday. In the meeting, China's foreign minister said that Vietnam's position in Cambodia could be likened to someone who is drowning. According to XINHUA, western observers in Beijing are of the opinion that Wu and Sihanouk agreed that Vietnam, in its military offensives, was influenced by its own propaganda.

The meeting between the leader of Kampuchean Coalition Government and the Chinese foreign minister was held on the 6th anniversary of Phnom Penh's fall to Vietnamese troops. On that same day, Vietnamese troops in Cambodia were reported to have intensified their dry season offensive and captured a large part of the Ampil camp, headquarters of the KPNLF guerrillas under the leadership of Son Sann.

However, Vietnam's victory was a military victory, not a political one. The difficulties faced by Vietnam in Cambodia are almost the same as those faced by France in the first Indochinese war and by the United States in the second Indochinese war. While France was unable to seal the Sino-Vietnamese border and the United States was unable to seal all the South Vietnam borders during this current third Indochinese war, Vietnam is unable to seal the Thai-Cambodian border. Besides, each military victory by Vietnam in its dry season offensive in areas near the Thai-Cambodian border is being countered by Chinese military pressure on its northern front. For this reason, Vietnam has only attacked the noncommunist guerrilla camps, allowing the Khmer Rouge guerrillas to remain fresh and intact under the protection of China which has provided them with military supplies from the beginning.

China has given military supplies to the noncommunist guerrillas only since last year following secret missions into Cambodia last June by one of its senior diplomats based in Bangkok. Despite Vietnam's claims that China is now deploying troops along the Sino-Vietnamese border in greater numbers than in 1979, so far there has been no repeat of the limited Sino-Vietnamese war of 6 years ago. This means that China does not consider Vietnam's military victory in Cambodia significant or part of a political victory.

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# JAKARTA REVERSAL ON IRIANESE REFUGEES

Sydney THE SYDNEY MORNING HERALD in English 14 Dec 84 p 7

[Article by Leigh Mackay]

[Text] Jakarta, Thursday--In a surprise reversal of policy, Indonesia has agreed to allow the United Nations to assist on the Indonesian side in repatriating thousands of Irian Jayans from Papua New Guinea, the PNG Foreign Minister, Mr Rabbie Namaliu, said here.

Indonesia's Foreign Minister Dr Mochtar Kusumaatmadja, who has repeatedly rejected involvement of the Indonesian office of the UN High Commissioner for Refugees (UNHCR) in repatriations, disclosed the policy reversal to him yesterday, he said.

"Now Indonesia has decided to allow the UNHCR to be involved on this side of the border. That's a significant step...something we've been suggesting to them for some time," Mr Namaliu said.

The UNHCR presence on Indonesian soil might convince the thousands who have fled Irian Jaya province for PNG that they can safely return home, he said.

Mr Namaliu said that more than 1,000 Irianese had trickled back to Irian Jaya, leaving about 9,300 in makeshift camps in PNG awaiting repatriation.

The Irianese, 70 percent of them women, children and old people according to Mr Namaliu, began fleeing last February.

Peter Hastings, Foreign Editor, writes: Dr Mochtar's statement is certainly a reversal of previous policy. But it should be seen in proper context.

What he is saying in rather guarded fashion, is that within a bilateral context, Indonesia would not object to the UNHCR representatives in Jakarta taking part in the repatriation exercise.

After the Blackwater Camp incident in which Indonesian refugees attacked an Indonesian border team, Jakarta will not again be involved in verification exercises. The offer to allow UNHCR participation is therefore a concession.

But where are UNHCR personnel to participate? And in what? It is extremely unlikely that those running Indonesia's security would allow the UNHCR observers anywhere near the Irian Jaya villages of 10,000 border crossers let alone ascertain whether those returning are safe from reprisals.

To allow such an investigation, in the Indonesian Government's view, is to admit the possibility of what is being investigated. And that is not Jakarta's political style. In any case, the logistics of moving observers around jungle villages in the border area are so difficult this alone will stop the proposed UNHCR involvement.

UNHCR observers are more likely to travel to Irian Jaya, put up at the pub in Jayapura and perhaps witness the return of some of the more articulate border crossers returning from northern camps like Kamberatoro and Green River.

And the question of repatriation may be academic. If the majority of crossers refuse to return across the border, and they may, it is highly unlikely that PNG policemen or Army personnel will attempt to force fellow Melanesians back along single file tracks at the point of a gun.

CSO: 4200/393

FAMINE REPORTED IN IRIAN JAYA

Surabaya SURABAYA POST in Indonesian 22 Nov 84 p 1

[Text] Satibi Darwis, the secretary to the coordinating minister for public welfare, announced in Jakarta on Wednesday [21 November] that the government is taking emergency measures to help persons threatened by starvation in Kurima subdistrict of Jayawijaya district, Irian Jaya. Ten tons of rice and 7 million rupiah have been allocated for this purpose.

After attending a coordination meeting held by the coordinating minister for public welfare at the Graha Pemuda building in Senayan, Satibi told reporters that Kurima subdistrict has a population of 26,598 and that these people are threatened with starvation because the cassava harvest failed due to plant disease. Cassava is the staple food of the local population.

"Of the total population, 1,549 persons are experiencing a critical food shortage and 231 persons are known to have died," he said.

A report from Jayapura says that the people who are threatened by starvation live in the villages of Anggruk, Kona, Nalca, Hepumek and Bime in the interior of Jayawijaya district. It is difficult to reach these areas by land.

Satibi said that the governor of Irian Jaya was providing 7 million rupiah to buy food and that the mission of the Department of Social Affairs was supplying 10 tons of rice.

"This aid is being sent by air," he said. He added that a team composed of officials from various government departments and led by the Jayawijaya district head is accompanying the aid.

The 20th public welfare coordination meeting was chaired by Coordinating Minister for Public Welfare Alamsjah Ratu Prawiranegara and was attended by Minister of Home Affairs Soepardjo Roestam, Minister of Health Soewardjono Surjaningrat, Minister of Education and Culture Nugroho Notosusanto, Minister of Social Affairs Mrs Nani Sudarsono, Minister of Youth and Sports Dr Abdul Gafur, and Haryono Suyono, the head of the National Family Planning Coordination Board.

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# RELIGIOUS AID MUST NOT RESULT IN FOREIGN INTERFERENCE

Jakarta HARIAN UMUM AB in Indonesian 24 Nov 84 pp 1, 2

[Text] The government is determined to implement development programs in the field of religious education in this country by utilizing its own resources, but at the same time, if friendly nations want to provide aid to contribute to the success of these programs, and if the acceptance of this aid will not result in foreign interference in the internal affairs of the Republic of Indonesia, then the government will not refuse such aid.

Minister of Religion H. Munawir Syadzali made this statement in his office in Jakarta on Friday morning [23 November] during a ceremony in which aid from the government of Saudi Arabia was transferred to two Islamic educational institutions domiciled in West Java, namely, the Al-I'alah Institute of Education and the As'adiyah Institute.

The minister acted as a witness at the ceremony. The checks for the aid were given directly to R. Azhari A Kusumah Brata, the head of the Al-I'alah Institute of Education, and Abdurahman, the head of the As'adiyah Institute, by Mohammad Said Bashrawi, the Saudi ambassador to Indonesia.

The minister said that the transfer of the aid in his presence was proof that the granting of aid by the Saudi government to various institutions of religious education in Indonesia was always done with the knowledge of the government.

Expressing appreciation for the aid, the minister noted that to date there has been no indication that aid from Saudi Arabia has an influence on the internal affairs of the Republic of Indonesia.

In his remarks at the ceremony Ambassador Said Bashrawi affirmed that in giving aid to friendly nations, Saudi Arabia has never had the objective of interfering in their internal affairs.

"We give aid simply because we feel an obligation to help our brothers who need help," he said.

Both the minister of religion and the Saudi ambassador expressed the hope that the aid received by the Al-I'arah Institute in Cianjur and the As'adiyah Institute in Cipanas would be put to the best possible use.

"We do not know how it will be used, and only God can supervise its use," Bashrawi said.

The aid from the Saudi government to the two institutions was presented in the form of checks, each in the amount of 28,571,428 rupiah.

Sulaiman, the religious attache at the Saudi embassy in Jakarta, also attended the ceremony.

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#### POPULATION FERTILITY RATE DOWN IN EAST JAVA

Jakarta MERDEKA in Indonesian 26 Nov 84 p 6

[Text] The population fertility rate in East Java has declined to one half of the 1970 rate of 44 percent per 1,000 population.

Dr Soedarto, the head of the BKKBN [Badan Koordinasi Keluarga Berencana Nasional/National Family Planning Coordination Board] in East Java province, announced the decline on Saturday [24 November] following a ceremony in which 35 workers were appointed to the East Java BKKBN. He said that the reduction in the population fertility rate is almost 10 years ahead of schedule, since it was originally planned to achieve the current rate in 1990. The reduction was achieved because there has been a high level of public response to efforts to popularize family planning in East Java and a high level of public participation in the program, he said.

He also said that targets have been established for the reduction of the population fertility rate in Indonesia through the year 2000.

Twenty-four million birth control pills are consumed in East Java each year. The East Java provincial office of the BKKBN has enough birth control pills in stock to last 4.6 months, and the district offices have enough to last 9 months.

Dr Soedarto said that family planning services in East Java are not restricted to matters of health alone but increasingly include activities aimed at the establishment of happy and prosperous families. Improvement of income, education and nutrition are extension activities of the family planning program.

Consequently, the BKKBN needs skilled personnel and it also needs to expand its organizational structure. The 35 people appointed by the East Java BKKBN will be assigned to 10 sectors and 26 sections. This will enable the Integrated Services Posts to operate more smoothly and more effectively as they will have the support of skilled personnel, he said.

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#### PRESIDENT COMMENTS ON FAMILY PLANNING

Jakarta SUARA KARYA in Indonesian 27 Nov 84 pp 1, 11

[Text] Indonesia will be faced with a critical population problem, a problem that can become an obstacle to continued national development, if the family planning program fails.

President Suharto issued this warning when opening the second international conference of the Association for the Promotion of Contraception (Perhimpunan Pengembangan Kontrasepsi) at the State Palace in Jakarta on Monday morning [26 November]. The president said that Indonesia is making the family planning program an important component of the national development activities that are aimed at creating happy and prosperous families. "We realize that the size of the population is one of the potentials that contribute to development. But we also realize that a large population alone, a population without a high level of social welfare and of inadequate quality, will instead become a heavy burden," he said.

The president told the some 400 participants in the conference that Indonesia has difficulty in facing the population problem because its 160 million people occupy a vast area and are unevenly distributed. He noted that most of the population resides in Java, a relatively small island compared to some of the other islands.

He said that experience indicates that an important element in the success of the family planning program is getting the members of the public to realize that they should become active participants in the program, and that this public awareness can arise if the members of the public understand that small, happy and prosperous families are achieved through family planning. Public awareness of the importance of family planning must be supported by adequate family planning services and resources, he added.

#### No Compulsion

The president also said that the provision of high-quality contraceptive devices and drugs was an important part of family planning services. He stated that the government does not compel people to use specific types of contraceptive devices and drugs, and that the types of devices and drugs that are

provided must be geared to the desires of the people who use them. If a segment of the public dislikes a certain device or drug then it is necessary to find another kind of device or drug that they can accept without objection. These devices and drugs, in addition to being of good quality, must be effective, safe, easy to use and priced within the reach of the public, he said.

The president also told the participants that he hoped that the conference would produce some new ideas on contraception.

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#### CONCERN ABOUT FAMILY PLANNING DROPOUT RATE

Jakarta MERDEKA in Indonesian 28 Nov 84 pp 1, 12

[Text] Dr H. Mahyuddin, the BKKBN [National Family Planning Coordination Board/Badan Koordinasi Keluarga Berencana Nasional] deputy for operations management, says that enthusiasm has tended to decline in the implementation of the family planning program following a surge of activity at the end of 1983/84.

He also feels that the management of established participants in the family planning program, particularly of persons using injections and oral contraceptives, is not receiving as much attention as efforts to recruit new participants and that this is resulting in a fairly high dropout rate.

He said that this is one of the reasons that the recruitment of new participants in the family planning program has not increased the total number of active participants in the program. Dr Mahyuddin made these comments at a national family planning program study meeting that was held in Jambi province recently.

Dr Mahyuddin said that the results achieved by the national family planning program through the first half of the first year of the Fourth 5-Year Plan have not been too inspiring.

As of September 1984 there were 14,352,205 active participants (58.01 percent of fertile couples) in the family planning program. This is a drop of 27,289 from the 14,422,551 active participants registered at the end of March 1984.

Dr Mahyuddin said that in the Fourth 5-Year Plan the BKKBN is facing a situation that is different than that which existed during the preceding 5-year plans. That is, the public now is well informed about family planning, about its benefits and its shortcomings. "Their familiarity with the program encourages them to participate in the program automatically, but it also encourages them to demand a higher quality of service," he said.

## Less Than Satisfactory

H. Masjchun Sofwan, the governor of Jambi, said that the increase in the number of active participants in the family planning program in Jambi province during the last 6 months has been less than satisfactory. Enrollment stood at 28.31 percent in March 1984 but had reached only 28.9 percent in September 1984.

During the last 6 months, that is, from March to September 1984, a total of 13,259 active participants dropped out of the family planning program in Jambi province. The majority of the dropouts were using oral contraceptives and injections.

"In order to overcome the dropout problem and prevent its reoccurrence, I urge the family planning workers to reorganize their management of the participants in the program," Masjchun Sofwan said.

The governor said that a closely knit apparatus is needed to upgrade and strengthen the quality of the integrated smiling safaris of family planning workers, particularly at the subdistrict level, and to upgrade and strengthen the quality of family planning services and deliver these services to their targets.

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# BIOCHEMICAL WARFARE INDUSTRY TO BE DEVELOPED

Kuala Lumpur NEW STRAITS TIMES in English 4 Dec 84 p 13

[Text] Jakarta, Mon--Army Chief of Staff General Rudini said today Indonesia should develop an industry for biochemical warfare, "because other parties are already using poisonous gas."

Following a meeting with President Suharto, Gen Rudini said the idea had been approved.

He said the development of the biochemical industry could help produce better detection equipment.

While declining to elaborate, Gen Rudini said: "It would take us a long time to detect a suspicious area with the old equipment."

CSO: 4200/393

## INVESTMENT TARGETS FOR 1983, 1984

Jakarta PELITA in Indonesian 23 Nov 84 pp 1, 10

[Excerpts] Engr Suhartoyo, the chairman of the Capital Investment Coordination Board (BKPM), has stated that he is convinced that the 7 trillion rupiah target for the investment of domestic and foreign capital in 1984 is almost certain to be achieved.

He made the statement in response to reporters' questions in Jakarta on Thursday [22 November] following a meeting between members of the business community and the provincial governors of East Indonesia.

Suhartoyo also said that the 1984 investment target, originally set at 7 trillion rupiah, was reduced to 6.5 trillion rupiah because of the sluggish rate of investment in the first 6 months of 1984. "But when it was seen that actual investments had reached 6 trillion rupiah in September 1984 then the original target of 7 trillion rupiah was re-established," he said.

He did not provide any details on the actual investments of either domestic or foreign capital that have been made as of September 1984.

SUARA KARYA's records indicate that one of the reasons for the decline in investment during the first 6 months of 1984 was the surge of investments that occurred late in 1983. At that time investors wanted to act before the new tax law took effect. In 1983 investments were targeted at 6 trillion rupiah but reached 10 trillion rupiah, exceeding the target by 4 trillion rupiah.

This was confirmed by Suhartoyo. "This overage should be put into 1984, and therefore the overall investment target of 7 trillion rupiah for 1984 includes the 4 trillion rupiah overage from the 1983 target," he said.

### Special Treatment

In response to a question about the imbalance between West Indonesia and East Indonesia in investment activity, Suhartoyo said that this situation was caused by many factors. The dominant factor, in addition to marketing problems, is the minimal supply of infrastructure. This is the main cause of the imbalance in investments between West and East Indonesia, he said.

"In terms of national percentages, investment activity in East Indonesia has been very low from the First 5-Year Plan to the Third 5-Year Plan," he said. By way of illustration he said that the figures for domestic capital investment are 65.8 percent for Java, 18.4 percent for Sumatra, 9.1 percent for Kalimantan, 3.1 percent for Sulawesi and 3.5 percent for other areas. The figures for foreign capital investment are 60.6 percent for Java, 24.6 percent for Sumatra, 2.9 percent for Kalimantan, 9.7 percent for Sulawesi and 2.2 percent for other areas.

When asked about the possibility of giving special treatment to businessmen who invest in East Indonesia, he said, "The idea was brought up at the meeting. The question is one of what kind of mechanism to employ. That is what we are thinking about now."

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## BULOG CHIEF TALKS ABOUT CURRENT RICE, CORN SITUATION

Surabaya SURABAYA POST in Indonesian 20 Nov 84 p 1

[Text] Jakarta--President Soeharto has agreed to loan 100,000 tons of rice to the Philippines, in response to a request from this neighboring country. This was stated by Bustanil Arifin, minister of cooperatives and chief of BULOG [Bureau of Logistical Affairs], after he had reported to the president at Independence Palace in Jakarta on 20 November.

The rice loan was extended in the framework of ASEAN [Association of Southeast Asian Nations] solidarity, in consideration of the fact that the Philippines very much needed the rice. The loan contract was signed in Jakarta on 20 November by representatives of the two countries.

Indonesia has made this loan because our rice stocks on hand are more than sufficient, and the 100,000 tons of rice shipped to the Philippines will be a kind of long term rice reserve. The Philippines may return the rice over the next 2 years, at an interest rate of 6 percent per year. The manner of repayment may be either in cash or in the form of rice.

Later on, if our rice stocks continue to be adequate and there are requests for rice from other friendly countries, we will be able to export rice directly from the Philippines.

The rice will be shipped to the Philippines immediately, and it is hoped that the transaction will have been completed by March 1985, Bustanil said.

### 3 Million Tons

At present our rice reserve stocks are rather large, amounting to more than 3 million tons. Purchases of rice from domestic production by BULOG are still under way and can be continued without limitation. However BULOG will buy as much rice as is sold by the farmers. This is possible because BULOG has a large number of warehouses and, if necessary, will rent privately-owned warehouses. In addition, rice has been loaned from our reserves to foreign countries, such as the Philippines.

Regarding the purchase of domestic rice this year, this has increased substantially, compared to 1983. So far BULOG has purchased 2.5 million tons of domestic



rice, with 1 million tons coming from East Java alone. During 1983 BULOG purchased a total of 1 million tons.

Because our rice reserves are so large, Indonesia must export (or re-export) rice purchased from abroad, based on contracts entered into last year. The total which has already been re-exported is 100,000 tons from Taiwan, while another 38,000 tons will be sold directly from abroad.

Bustanil admitted that we re-export the rice at a price a little less than the price at which we purchased the rice. However, this is only to be expected, as the world rice price has been declining. For example, up to now Indonesia has been the largest rice importing country. However, with high domestic production, Indonesia has become a rice exporting country. As a result rice from Malaysia, for example, has not sold well on the international market, and the prices for it have declined.

Furthermore, we have always imported some sticky rice--about 5,000 tons per year. Last year this special kind of rice still cost \$330 per ton. However, the price has fallen to only \$180 per ton under the new purchase contracts.

Regarding re-exported rice, the minister said that a total of 1.1 million tons of rice remain to be purchased under old contracts dating from last year. We have only imported 675,000 tons under these contracts. The balance to be imported in 1984 is 185,000 tons, including 33,000 tons from North Korea. These transactions are still being talked about in the newspapers.

He said: "The balance that is left can be re-exported."

#### Corn

Bustanil Arifin admitted that at present we are currently importing about 58,000 tons of corn. However, it must be recalled that over the past 2 years we have exported more than 100,000 tons of corn.

Although we are currently importing 58,000 tons of corn, next February or March we will again export about 300,000 tons of corn.

The reason why we export corn for a time and then import it is that corn cannot be stored for a long period of time. When we need it, we import it. When we have a surplus, we export it. Exports take place directly from the areas where the corn is produced, because it would cost as much to transport the corn to Jakarta as to ship it abroad.

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## ENTREPRENEURS URGED TO EXPAND ACTIVITIES

Jakarta KOMPAS in Indonesian 22 Nov 84 pp 1, 8

[Text] Jakarta, KOMPAS--The BKPM (Capital Investment Coordination Body) will urge businessmen to expand their businesses to restimulate Indonesian economic activity, which at present is considered sluggish. In addition capital investment procedures will continue to be simplified to encourage businessmen to invest their capital. The purpose of these efforts is to ensure that businessmen will not always depend on government projects provided for in the state budget but will create their own opportunities.

Meanwhile, in an effort to stimulate regional development and get the economy moving in the provinces, the respective provincial governments must try in a variety of ways to attract capital investment in their areas. Provincial taxes which hamper capital investment must be abolished.

These statements were made on 21 November at the official opening of an exhibition and meeting involving businessmen and provincial government officials from nine provinces of Eastern Indonesia.

### Economic Condition of the People Is Good

In his statement to reporters the chairman of the BKPM stated that if it is carefully studied, it can be seen that the economic condition of the people is still good. This is because the program for exports of non petroleum and natural gas products has developed well. The target of \$6 billion in exports of these products per year is within reach. The same is true of the good rice harvest. Exports of petroleum and natural gas products, particularly raw materials, will benefit people outside Java, while good rice harvests will bring profits to the farmers of Java.

Suhartoyo, the chairman of the BKPM, stated: "In view of this, in fact the economic condition of the people is still good. They are not experiencing serious difficulties. Furthermore, the government report which states that the implementation of the 1984-85 fiscal year budget is going well shows that there are no special problems."

However, why is the economic situation still sluggish? According to the chairman of the BKPM, this is because sufficiently broad opportunities are not presently

available to businessmen. Indeed, in view of the sluggish economic conditions, businessmen are not expanding their activities. However, after all, without an expansion in economic activities, the situation will become more dangerous.

For that reason the BKPM will urge businessmen to be ready to undertake expanding their activities. The important question is markets, and in that connection expanding business firms should be directed toward the export field. They should undertake exports in the manufacturing sector in particular. For in view of the increase in exports of non petroleum and natural gas products, which now appear to be improving, efforts to expand business firms by going into the export field should be profitable.

Suhartoyo said: "The BKPM will try to help business get into the export field." He said that breakthroughs in the effort to export are very necessary at present. This is not easy to do, but the opportunities in fact are still great. If a breakthrough is successful and an expansion in capital investment is achieved, economic activity will revive.

In addition, the BKPM will also seek to simplify procedures for capital investment. One matter which is receiving attention is ensuring that individuals are provided with an opportunity to take part in capital investment. Steps to simplify investment procedures will continue, so that businessmen will be increasingly encouraged to invest capital. This is because, in addition to the problem of expanding business, the investment of new capital also stimulates economic activity. If all of these efforts are successful, there should be no further doubt that economic activity will pick up. Suhartoyo said: "And if the businessmen are able to make a breakthrough in the export field, certainly this will be followed by other successful achievements." He stated again that opportunities for capital investment are still great. It is a matter of choosing the sector of business activity which will be most profitable.

Suhartoyo stated: "By making it easier to invest capital, it is hoped that businessmen will be attracted to invest capital and that they won't always have to depend on government projects provided for in the state budget."

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#### NUMBER OF SAWMILLS TO CLOSE DOWN

Jakarta KOMPAS in Indonesian 22 Nov 84 p 2

[Text] Palembang, KOMPAS--No less than 640 sawmills in South Sumatra will shortly be closed down by a security Task Unit (Satgas). The reason is that up to now they have obtained their raw materials (logs) from illegal felling of trees. In addition, they generally obtain their business licenses improperly.

Dr A. Syabrun Caropeboka, chairman of the South Sumatra branch of the Indonesian Forestry Community (MPI), told a KOMPAS representative on 19 November that out of about 800 sawmills listed by the South Sumatra branch of the MPI, practically 90 percent of them will have difficulty in obtaining raw materials as a result of this action by the security unit. In general they have no agreement or working relationship with the holders of Forest Enterprise Licenses (HPH) to obtain raw material in the form of logs.

#### Workers Will Be Unemployed

He said that as a result of this action by the security unit those affected include about 6,000 sawmill workers who will be left without employment. He said: "This is a serious question which must be dealt with."

On the other hand, as a result of the action by the security unit about 600,000 cubic meters of wood will be protected from theft of this kind every year. Generally, the wood is obtained from illegal cutting which is not included in the Forest Products Contribution (IHH) program, and this practice damages the environment.

Doctor Syabrun stated that the MPI, of which he is the chief, welcomes the security steps taken against the sawmills. He added: "The fact is that illegal cutting of wood shows signs of spreading in South Sumatra."

Another source declared that the security action taken against the sawmills was not limited to wiping out illegal cutting and halting the activities of those who sell the wood products but is also directed against businessmen who have no industrial permit, or the business licenses they have were improperly obtained.

After the action by the security authorities there remain 160 other lumber companies in South Sumatra which are not affected by the steps taken, and closing the other business firms will contribute to price stability. At present the price of lumber on the inter-island market is often manipulated by wood merchants, particularly in Jakarta.

# SUMARLIN TALKS ABOUT FOREIGN INVESTMENT

Jakarta HARIAN UMUM AB in Indonesian 22 Nov 84 pp 1, 7

[Text] Jakarta, HARIAN UMUM AB--The interest of foreign investors in investing their capital in Indonesia is rather considerable, particularly in the communications, electricity, wood processing, and metal machinery industries.

This was stated by Prof Dr J. B. Sumarlin, chairman of BAPPENAS [National Development Planning Board], to reporters in Jakarta on 21 November after opening an exhibition and meeting potential investors in nine provinces in Eastern Indonesia.

He said that in its recent visit to London and Geneva an Indonesian trade promotion and investment delegation had met with European companies and businessmen who, in general, are interested in investing their capital in Indonesia.

In the meetings with the businessmen in the two countries, in general they complained about the difficulty in finding Indonesian partners who have integrity and who can be trusted. In that connection the BKPM will help them find Indonesian partners in connection with joint enterprises.

The chairman of BAPPENAS also admitted that at this time the Indonesian national business world is moving only sluggishly, and high interest rates are having a negative impact on investments.

According to Doctor Sumarlin, Indonesian businessmen are still very dependent on the state budget.

In this connection Doctor Sumarlin hoped that Indonesian businessmen would not always depend for their business on government projects but should develop their business activity outside the government sector, for example, the industrial sector, in order to meet domestic and export requirements.

He said that Indonesia at present is a very good place for foreign and domestic businessmen to invest their capital, because economic growth and political stability are sufficiently developed, compared with other countries.

He said: "In addition, Indonesia has economic growth and sufficiently developed political stability. It also has abundant natural resources which stimulate the interest of businessmen in investing their capital in Indonesia."

Under the Fourth 5-Year Plan Indonesia needs investment funds of 145.1 trillion rupiahs, of which about 78.6 trillion rupiahs will come from the government sector, while 66.6 trillion rupiahs will come from the private sector.

In the effort to encourage investors to invest their capital in Indonesia the government has tried to create an attractive business climate, among other things by providing a number of facilities in obtaining licenses and in facilitating the entry of capital equipment.

Doctor Sumarlin told the chairmen of the Provincial Capital Investment Coordination Boards (BKPM) that he hoped to take action to facilitate investment in their respective provinces.

Sumarlin said: "The governors and the chairmen of the BKPM must be able to adopt policies to facilitate the handling of investments, including abolishing tax collections which could hamper the flow of investments."

In encouraging and increasing investments in the provinces the government has constructed a variety of necessary infrastructure, including roads and harbor facilities.

To increase the rate of national economic growth, it is hoped that the Indonesian Chamber of Commerce and Industry [KADIN] will be able to help the Indonesian business world to develop, Doctor Sumarlin said.

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CSO: 4213/97

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# MANPOWER DEPARTMENT CHECKING ON FOREIGN WORKERS

Jakarta SINAR HARAPAN in Indonesian 24 Nov 84 p 1

[Text] Minister of Manpower Sudomo has recommended to the minister of justice that 187 foreign workers be expelled from Indonesia for not being in compliance with prescribed regulations.

The foreign workers include 167 persons who hold business visitor visas and 9 persons who hold temporary resident visas. None of these people have foreign-worker work permits. The remaining 11 persons hold temporary resident visas and say that, as professionals, they were granted extensions of their temporary resident permits.

Minister Sudomo mentioned this matter to reporters on Saturday afternoon [24 November] during a briefing on the results of Operation Mawas V (Supervision of Foreign Workers). The operation was carried out from 7 to 16 November 1984 in 10 provinces.

The minister said that the operation also turned up 159 foreign workers whose work permits are still being processed. These people have been forbidden to work and have been instructed to stay away from the job sites until they are issued work permits.

Eighty-three companies in 10 provinces were inspected during the operation. Eight companies were found to be in violation of regulations on the use of foreign workers, as set forth in Law No 3 of 1958 on the placement of foreign workers and in Presidential Directive No 23 of 1974 on restrictions on foreign workers.

5458

CSO: 4213/99

ADB LOAN FOR MULTISECTOR PROGRAM

Jakarta BUSINESS NEWS in English 4 Jan 85 p 8

[Text]

The Asian Development Bank has approved a \$25 million Technical Assistance Program loan to Indonesia for a Multisector Program.

The Program will enable the Government to formulate a well-balanced investment plan, which in turn will stimulate further development in the country.

The Program will also improve the capabilities of Government ministries and agencies in identifying, formulating and preparing high-priority projects as well as provide external aid agencies with a pipeline of well-prepared projects for inclusion in their lending operations in Indonesia.

The Program will finance the preparation of feasibility studies and detailed engineering designs for a number of subprojects in various sectors, to be identified and selected by the Government on the basis of priority under Repelita IV (Fourth Five Year Development Plan for 1984/85 - 1988/89).

The Program consists of two parts: Part A - the preparation of feasibility studies for subprojects approved by the Bank for inclusion in the Program; and Part B - the preparation of detailed engineering designs for subprojects under Part A, for which feasibility studies have been completed.



Separate teams of consultants will be engaged for each subproject, and will be authorized to proceed to Part B only after the subproject, upon completion of Part A, is found to be technically feasible and economically viable.

The loan is from the Bank's ordinary capital resources for a term of 15 years, including a grace period of five years, at an interest rate of 10.25 per cent per annum.

CSO: 4200/399

# 1984 INFLATION RATE REPORTED DOWN

Jakarta BUSINESS NEWS in English 4 Jan 85 p 9

[Text]

The inflation rate in Indonesia was 1.04 percent in December 1984, above 0.60% in the same month in 1983. The cumulative inflation rate from January to December 1984 stood at 8.76 percent, still lower compared with 11.46 percent from January to December 1983, data obtained from BPS (Central Bureau of Statistics) show.

The inflation rate in 17 towns combined in 1983/84 and 1984/85 is as follows:

Group	Calendar year		Fiscal year *)	
	1983	1984	1983/84	1984/85
GENERAL	11.46	8.76	7.33	3.46
I. FOOD	10.04	6.32	11.58	2.64
II. HOUSING	12.91	12.80	4.00	2.30
III. CLOTHING	4.31	3.00	4.51	2.49
IV. MISCELLANEOUS	16.29	10.84	5.13	7.16

\*) from April to December.

Inflation occurred in 13 towns and deflation occurred in four towns in December 1984. The highest inflation rate (1.84%) was recorded in Yogyakarta and the lowest rate (0.08%) was recorded in Pontianak.

CSO: 4200/399

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## COAL EXPORT PROJECTION

Jakarta BUSINESS NEWS in English 4 Jan 85 p 10

[Text]

Coal exports from the Ombilin coal mine are projected to reach 500,000 tons in 1985, an increase compared with around 401,000 tons in 1984. South Korea, Malaysia, Japan and Vietnam have so far been the destination of coal exports from Indonesia. The possibility of seeking new markets for Indonesian coal will be explored this year.

The price of coal on the international market is expected to remain unchanged at US\$ 35.5 per ton this year, as the price of crude oil is still stable at the present level.

The sale of coal in the country in 1985 is also expected to increase this year. The supply of coal to the local buyers reached 166,000 tons last year.

CSO: 4200/399

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## ADB AID FOR SHIPBUILDING DIFFICULT TO IMPLEMENT

Jakarta KOMPAS in Indonesian 22 Nov 84 p 2

[Text] Jakarta, KOMPAS—Assistance from the ADB (Asian Development Bank) to build fishing vessels, plans for which were agreed upon jointly in Jakarta last year, up to now has not yet been taken up. It turns out that the ADB did not agree that the fishing fleet should be built in Indonesian shipyards. The reason is that Japanese shipyards won the international bidding to construct the ships.

Without mentioning how much aid was involved and what was the cost of each unit in the fishing fleet, a KOMPAS source in the Department of Communications mentioned that the winner of the tender for the construction of a fishing fleet in fact was a Japanese shipyard. However, the Indonesian Government, as the recipient of the aid, has its own policy in this matter. That is, when domestic shipbuilding yards come in second place behind the winner of the bid, and if the price difference is not more than 5 percent, the Indonesian Government has the right to turn over the construction of the fishing fleet to domestic shipyards.

It appears that the ADB objects to this Indonesian Government policy. They continue to insist that the fishing fleet be built in Japan.

Make No Sense

The KOMPAS source went on to say that even in setting down the conditions for the tender the ADB seems deliberately to have made it difficult for Indonesian domestic shipyards, so that finally they could not win the international tender. One of the many conditions set by the ADB, for example, provided that the shipyard must take part in the detailed design of the ships and fleet to be constructed. Secondly, the shipyards taking part in the tender, at a minimum must have experience in building the same kind of ship for 5 consecutive years.

The shipyards which are members of IPERINDO [Indonesian Shipbuilding Industry] consider that the conditions advanced by the ADB make no sense. Merely to design a ship, the money that must be spent by the shipyard amounts, at a minimum, to 5 percent of the value of the ship. If the cost of one unit of the fleet is, say, 1 billion rupiahs, for the design alone the shipyard must spend at least 50 million for one ship design. And there is no guarantee that the shipyard involved will win the tender.

The second question is which shipyard in Indonesia has had 5 years' experience in building fishing ships on a continuous basis. The KOMPAS source added: "The conditions cannot be accepted by Indonesia. And as long as the ADB continues to hold to its views, there will be no solution."

There has been no decision on the planned aid for more than a year. There is a considerable possibility that the Indonesian Government will cancel the plan for the construction of the fishing fleet.

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INDONESIA

## PLANNED CONSTRUCTION OF TUGBOATS, SHIPS

Jakarta KOMPAS in Indonesian 24 Nov 84 p 2

[Text] The government of the Netherlands has agreed to provide 55 million guilders (about 17.325 billion rupiah) in aid for the construction of 30 tugboats to assist the development of the sea communications sector.

Soelarto Hadisumarto of the Indonesian Shipping Industry (Industri Perkapalan Indonesia) announced on Friday [23 November] that 21 of the 30 vessels will be built in Indonesian shipyards and the remainder in Dutch shipyards.

Four 2,400 hp boats, five 800 hp boats, six 350 hp boats and six 200 hp boats will be built in Indonesia. The Dutch will build four 2,400 hp boats and five 1,500 hp boats.

In addition, 14 local shipyards are planning to accept orders for the construction of Caraka Jaya I (1,000 dwt), Caraka Jaya II (2,000 dwt) and Caraka Jaya III (3,000 dwt) class vessels at the beginning of next year. It is expected that 80 ships of the Caraka Jaya class will be completed by the end of the Fourth 5-Year Plan.

Soelarto did not name the shipyards that will build the Caraka Jaya ships, but he said that all 14 of the yards have the ability to build ships of more than 1,000 dwt.

## Becoming Brighter

Regarding the prospects of local shipyards, Soelarto said that he believed the future of the shipbuilding industry in Indonesia is becoming brighter. "This can be seen in the fact that foreign parties, the Japanese and Germans in particular, are interested in investing their capital in plants that build ship engines," he said.

He said that 14 foreign companies have applied to build ship engine factories in Indonesia. Permission has been granted to only one company in order that the factories that are now producing ship engines can be further developed.

5458

CSO: 4213/99

COMPARISON OF PORT COSTS; AID FOR TUGBOATS

Jakarta KOMPAS in Indonesian 27 Nov 84 p 2

[Text] Port costs in Indonesia are not higher than port costs in Amsterdam as some people allege, but on the contrary, port costs in Amsterdam can be 2 or 3 times higher than port costs in Indonesia.

J.E. Habibie, the director general of sea communications, in comparing port costs for a KOMPAS reporter in his office on Saturday [24 November], pointed out that valid comparisons of port costs in different countries cannot be made without examining the structure and components of the costs involved.

Denying the allegation that port costs in Amsterdam are lower than in Indonesia, he affirmed that the port of Amsterdam is managed by the city and that municipal authorities only collect wharfage and anchorage fees. Other charges, such as pilot, bunker and water fees, are collected by private companies.

He said that government authorities are in charge of almost all the services provided for ships in Indonesian ports. And since the charges imposed by Indonesian port authorities cover almost every type of service needed by the ships in port, then offhand comparisons between these charges and the charges collected by the municipal authorities in Amsterdam are not valid. If the cost of the port services provided by the municipal authorities is added to the cost of other port services provided by private companies, then the total amount could be 2 or 3 times the amount of the costs charged in Indonesian ports, he said.

When asked if costs in Indonesia could be reduced, Habibie replied, "The government does not act in a haphazard manner when drawing up or organizing a port development plan." The same principle is followed in scheduling port charges, he added.

In answer to a question about aid from the Asian Development Bank for the construction of two tugboats, he said that the matter was still under discussion. The Indonesian government has decided that the boats must be built in local shipyards but no action has been taken.

Habibie said that the Indonesian government has the right to decide where the tugboats will be built, providing the price of the boats does not exceed the highest bid by more than 15 percent.

We cannot always be the master of the house in aid negotiations. We first have to look at whom we are dealing with, and a flexible and condescending attitude is sometimes necessary. "There are times when we are firm and there are also times when we must be humble. We take their situation into account," he said.

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# SHIPBUILDERS AGAINST IMPORT OF USED VESSELS

Jakarta BUSINESS NEWS in English 4 Jan 85 p 4

[Text]

IPERINDO (Indonesian Association of Shipbuilding Companies) is against the import of second hand vessels. Secretary General of IPERINDO Wasono NA stated here recently that the government should not give permits to shipping companies for the buying of used vessels from companies abroad.

The buying of second hand vessels from abroad will threaten the survival of the shipbuilding industry in the country, according to Wasono. He admitted that local dockyards had to offer higher prices in the first stage.

He expressed confidence, however, that national dockyards would be able to lower the prices they offer for the building of ships in the future, especially when all components required had been locally manufactured.

PT PAL, a state-run shipbuilding company, will give guidance to other national dockyards in developing their activities and improving the quality of their products.

Apart from that, PT PAL has been appointed to serve as a ship design centre. For the purpose, the company will be equipped with modern facilities.

CSO: 4200/399

## MORE SHIPS TO BE BUILT LOCALLY

Jakarta BUSINESS NEWS in English 4 Jan 85 pp 5, 6

[Text]

In the period toward the beginning of 1985, IPERINDO (Indonesian Association of Shipbuilding Companies) successfully convinced the government of the ability of the national shipbuilding industry to fulfill orders.

IPERINDO Chariman Soelarto Hadisoemar to told the press here recently that the year 1984 was the turning point for the acceleration in the development of the shipbuilding industry in Indonesia.

The issuance of the Presidential Instruction (Inpres) No.10/1984 on the shipbuilding industry, which mentions the building of ships in the country is integratedly handled by three ministers, will eliminate dualism in the development of that field of industry.

Based on the Inpres No. 10/1984 the minister of communications has transferred the task, function, responsibility & authority in the handling of the shipbuilding industry to the Department of Industry and the office of the Minister of Research & Technology/BPPT (Agency for Assessment & Application of Technology. BPPT is assigned to study and develop technology applied in the shipbuilding industry.

With the issuance of the Inpres No. 10/1984, the government will, in the first stage, entrust the building of "Caraka Jaya" type merchant ships of 1,000 Dwt, 2,000 Dwt and 3,000 Dwt to local dockyards to replace the scrapped old vessels.

In the current Pelita IV (fourth five-year development plan), the operation of local dockyards will also be concentrated on the building of fishing vessels. National shipbuilding plants are expected to have completed the building of at least 13,000 units of fishing vessels by the end of Pelita IV.

The state-owned oil company Pertamina is also planning to give orders to national ship producers for the building of vessels of various types and sizes. National dockyards have received orders from TNI-AD (Indonesian Army), TNI-AL (Indonesian Navy), Polri (Indonesian Police), the Directorate General for Customs and Excise, PT Timah (State-run tin mining company), Perum Pelabuhan and the Directorate General for Land Communication.

The building of ships in the country will be able to reduce the use of foreign exchange reserves by around 55%. The supply of steel plates from PT Krakatau Steel will save the use of foreign exchange reserves by 11 percent and the use of local complementary materials will save the use of foreign exchange reserves by about 16% and lower expenditures for wages by 20%.

In the framework of the building of "Caraka Jaya" vessels by local dockyards, the assembling of ship engines in the country will be limited to only four trade marks, namely Kubota, Yanmar, MWR and Deutz.

According to Wasono, merchant ships now found in Indonesia use engines of 50 - 60 trade marks, but it is difficult to obtain their spareparts.

In the first stage, the shipbuilding companies will handle the assembling of engines of 500 HP for "Caraka Jaya" merchant ships of 1,000 Dwt. In the subsequent stages, they will assemble engines of 1,400 HP and 2,300 HP respectively for "Caraka Jaya" vessels of 2,000 Dwt & 3000 Dwt.

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#### BRIEFS

**FALL OF AMPIL TEMPORARY SETBACK**--Foreign Minister Mokhtar Kusumaatmaja says the Cambodian nationalist fighters are only temporarily cornered following the Vietnamese assault and they will soon fight back. Speaking to newsmen in Jakarta today, Minister Mokhtar said that no power can destroy the fighting spirit of a nation as can be seen from what is happening in Cambodia. According to Minister Mokhtar, what Vietnam has managed to destroy is just a camp, not a fighting force or the fighting spirit of the guerrillas. Minister Mokhtar made these remarks in reaction to the fall of Ampil to Vietnamese forces. [Text] [Jakarta Domestic Service in Indonesian 1500 GMT 9 Jan 85 BK]

**BOMBING SUSPECTS TRIAL RESUMING**--The North Jakarta District court will today resume the trial of the 12 September 1984 Tanjungpriok incident. The trial, which will hear witnesses today, began last Monday. On Saturday 12 January, the session heard the explanations of six witnesses detailing the Tanjungpriok incident. The trial of persons accused of being involved in the Bank Central Asia bombings and an explosion at the Metro Glodok Bridge Shopping Center on 4 October began at the West Jakarta District Court last Monday. On Saturday 12 January, the session heard Prosecutor Hartoyo state that these acts could be prosecuted under the Antisubversion Law. A team of legal counsellors headed by H.J.C. Princen asked for 1 week to complete its pleas. The request was approved by Presiding Judge Sarwoko. [Text] [Jakarta Domestic Service in Indonesian 2300 GMT 13 Jan 85 BK]

CSO: 4213/109

WORK OF ARMY CADRES, PARTY MEMBERS DISCUSSED

BK041249 Vientiane Domestic Service in Lao 0430 GMT 31 Dec 84

[Editorial: "Vigorously Step Up Training and Tempering of Cadres and Building All-Round Strong Basic Units"]

[Text] To meet the ever increasing requirements in the building of a modern, well-organized army, the enhancement of combat strength, and the raising of the level of combat readiness of our various armed forces, in training cadres and building all-round strong basic units we must concentrate all our forces on the following: The level of guidance and command of the military management work, the setting up of youth organizations, the implementation of regulations and discipline, the maintenance and use of weapons and other equipment, and the improvement of the material and spiritual life of soldiers.

First and foremost, attention must be paid to increasing the efficiency of guidance in setting up party organizations and on the roles and responsibilities of the contingent of cadres. Only with pure, firm, and strong basic party organizations can the guidance banner of units or regiments be firmly maintained and raised in all circumstances and can the solidarity of the masses be enhanced to as to fulfill all tasks. With the contingents of cadres maintaining a high level of political awareness, a firm determination to fight, and a good example, the organizing and commanding of units or regiments can be guaranteed to successfully fulfill all tasks.

With a correct understanding and a resolute determination to use appropriate measures in setting up party organizations and in nurturing the contingents of cadres, many units or regiments have promoted and expanded the strength of leadership and command and have created initial conditions for the effective implementation of their political tasks, the gradual resolving of their various weak points, and the building of units or regiments in many fields. However, there still remain some units or regiments which have merely put forward objectives and measures to overcome weak points in each field, such as the implementation of regulations and discipline, the management and use of equipment, and living conditions, but have failed to pay attention to concentrating forces on stepping up the two key tasks. As a result, the party organizations have not been firmly consolidated and the contingents of cadres have failed to promote and expand their responsibilities and capabilities. This has resulted in the slow development of the units or regiments.

Strong and firm basic party organizations serve as a decisive factor for the building of combat strength in units or regiments. The building of basic party organizations must be fully carried out in conformity with the organization of each base. To firmly maintain the guidance of party organizations under all circumstances, first and foremost, it is necessary to concentrate on building the contingents of party members in an appropriate number and with an every increasing quality. Party members, particularly those who serve as key cadres at various levels at the grassroots, must firmly grasp and profoundly understand the line and attitudes of the party and must be determined to effectively implement all plans and policies of the party as well as all tasks of the army and units or regiments. Whatever position they hold and whatever tasks they do under whatever circumstances, party members must maintain the ability and knowledge to lead, manage, and command and act as an example in fighting, fulfilling tasks, and earning a living. They must be able to organize the strict implementation of regulations and discipline and maintain a high spirit of responsibility for units or regiments.

Along with the building of the contingents of party members, attention must be paid to increasing and perfecting the strength and abilities of party committees at various levels. The party committees at various levels at the grassroots and party units must be made to serve as places where the solidarity is cemented for the guidance of units or regiments. The party committees and party units must effectively fulfill their responsibilities in firmly managing all party members, both in ideology and action, and firmly guiding the leading of party life. Particularly, they must attach importance to the increasing of self-criticism and criticism of each other, build a unity in the ranks of the party, and must not let party members lose their initiative, violate regulations and discipline, or pay no attention to educating and training themselves which can result in the disruption of internal solidarity, a lack of confidence on the part of the masses, and a decline in combat strength by units or regiments.

To build firm and strong party organizations, good contingents of cadres are needed to guarantee the successful implementation of all resolutions and instructions adopted by higher levels. In building the contingents of cadres, it is necessary to attach importance to training in the field of quality and skills. Cadres must act as examples in sticking to goals, maintaining the spirit of responsibility and the sense of enforcing regulations and discipline, and wholeheartedly cherishing combatants. They must always act as examples in matching their words and deeds, whether in combat, in time of difficulties, and in daily life.

Having the duty of directly managing and commanding the soldiers, cadres need strength and skill, because these things serve as the main and central point to determine the combat strength of units or regiments. Each cadre must, therefore, regularly train and temper himself to gain skill in managing and commanding units or regiments. Cadres must at all times stand firmly in the position, be sensitive, and have measures to overcome all weak points and shortcomings. It has been proved through lessons that the strength and capabilities of cadres have been increased because the higher levels have paid

attention to training them. It is also because the cadres themselves have attentively trained and tempered themselves through their experiences in carrying out commanding work and in fulfilling tasks of other fields.

In working with new equipment in the present, an important point to enable all cadres to train and raise the strength and capabilities of themselves is to have them firmly grasp and effectively implement their rights and duties. Higher levels must pay close attention to stepping up the training of cadres at the basic level. They must be concerned for and help lower levels overcome all difficulties or complexities in a timely manner. They must be concerned for each level and each cadre in the implementation of its rights and duties. The building of strong and firm party organizations and the effective training of the contingents of cadres at the basic level are considered as regular but significant tasks. They are also considered urgent requirements under the new situation. Each unit or regiment must quickly learn lessons, promote and expand all good points, overcome all remaining weak points, concentrate on stepping up the two key tasks, raise the level of guidance and command skills, build all-round strong basic units or regiments, and be prepared to fulfill all tasks entrusted by higher levels.

CSO: 4206/66

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LAOS

COMMENTARY RAPS THAI STATEMENT ON WITHDRAWAL OF TROOPS

BK090710 Vientiane Domestic Service in Lao 0430 GMT 8 Jan 85

[Unattributed commentary: "No Evidence To Prove That the Thai Ultrarightist Reactionaries Have Withdrawn Troops From Areas of the Three Villages"]

[Text] The Thai ultrarightist reactionaries are still ignoring the vehement denunciation and opposition of the Lao and Thai peoples as well as peace- and justice-loving people in the world who sternly demand that they withdraw all their troops from the three Lao villages--Ban Mai, Ban Kang, and Ban Savang--and that they return to their native villages the Lao people who were herded to Thailand and compensate them for the losses. This is the very appropriate and just demand of the Lao side as well as of world public. It also serves as an expression of the good intentions of the Lao side, which wants to see the problem of the three Lao villages illegally invaded and occupied by the Thai troops resolved by peaceful means. Along with this demand, our Lao side has showed its good intentions also by sending many letters to the Thai side, proposing a resumption of talks to discuss, together with the Lao side, ways and means to settle in an appropriate and just manner the problem of the Thai troops' occupation of the three Lao villages.

But there is still no sign that the Thai side will sit together with the Lao side at the negotiations table. On the contrary, it has even rejected our Lao side's good intentions again and again and has arrogantly stated that all Thai troops have already withdrawn from the three Lao villages and that the situation in the three villages is peaceful. More arrogant still, it has even distorted facts and slandered the Lao side by saying that the people of the three villages, who were herded by them, were driven away by the Lao troops.

By rejecting the proposal and throwing the blame back on the Lao side, the ultrarightist reactionaries in the Thai ruling circles have all in all acted at the command of the Beijing big-nation expansionists and hegemonists. They have also aimed to implement pan-Thaism to annex territory of a neighboring country as they did during the time of Siamese feudalists. The mobilization of troops to openly and arrogantly invade and occupy the three Lao villages by the ultrarightist reactionaries in the Thai ruling circles marks a new event in the present era, an event which has proved their implementation of pan-Thaism towards Laos as well as the three Indochinese countries.



The three Lao villages have become the setting for Thai military adventures. They are also the setting in which the Thai ultrarightist reactionaries have begun to pursue their pan-Thaism under the command of the Beijing big-nation expansionists and hegemonists. This is a serious situation, but the Thai ultrarightist reactionaries--with Athit Kamlang-ek as the main culprit--have said that the problem of the three villages is merely a small issue that does not affect Lao-Thai relations and added that all Thai troops have now withdrawn from the villages.

Having said this, do they have any evidence to prove it? Why have they shamelessly said such a thing? The fact is that the situation in the three villages still remains tense. The Thai troops have continued to occupy various significant points in the three villages. They have not yet returned to their native villages the Lao people who were herded to Thailand and they have not yet compensated the Lao side for losses. Each day, the Thai troops have continued to shell the three villages and launch surprise attacks against positions of the local guerrillas and regional armed forces that have been performing their duty in maintaining their independence and sovereignty over their territory. The Thai ultrarightist reactionaries have stubbornly continued to send spies to create disturbances and carry out armed provocations against the local guerrillas, regional armed forces, and people in these areas.

On 2 and 3 January 1985, the Thai ultrarightist reactionaries mobilized their troops stationed in the Huai Phainoi and Huai Phaiyai areas and Bo Bia Village, Thailand, to fire on the positions of local guerrillas and the people of Ban Mai village with 105-mm and 155-mm artillery. Along with the artillery shelling, they ordered their cavalry troops and border patrol police to attack the peaks--positions of the local guerrillas--in the three villages. In addition, each day they have barbarously committed crimes against the people whom they herded to Huai Yang from the three villages.

The shelling and the mobilization of troops to attack the positions of the local guerrillas who have been defending Lao territory in the three villages mark a new, serious event created by the Thai ultrarightist reactionaries against the Lao people of the three villages. And such an event serves as a slap in the face to the Thai ultrarightist reactionaries who have said that the Thai troops have completely withdrawn from the three villages.

In light of such clear evidence attesting to the facts, why have the Thai ultrarightist reactionaries shamelessly said before the public that the situation in the three Lao villages is normal and that all Thai troops have withdrawn from the villages? Why have they blindly made such a public statement? If they are not ashamed before the world people, they should at least feel ashamed before the Thai people. As for the Lao and Thai people who have witnessed the actual events created by the Thai troops, they are indignant. We want to ask the ultrarightist reactionaries in the Thai ruling circles if they regard the artillery shelling and the mobilization of Thai troops to invade the three Lao villages as good and if they call the dispatch of bandits and spies to continuously create disturbances and commit crimes against the Lao people a peaceful situation. The Lao and Thai people who have witnessed the events cannot be misled into believing their deceitful words. The world people who cherish peace and justice have also maintained a trend to support Laos and

denounce Thailand on this issue. The Thai journalists themselves who have traveled to visit the three villages--Ban Mai, Ban Kang, and Ban Savang--in December 1984 have also confirmed that the three villages belong to Laos and that in saying that the three villages belong to Thailand and sending troops to invade and occupy them, the Thai authorities are absolutely wrong and unreasonable.

At present, the people of the three villages who were forcibly herded to Thailand by the Thai troops are suffering severe hardships. The Lao army and people resolutely demand that the Thai ultrarightist reactionaries immediately end their military activities against the three Lao villages, stop raping, oppressing, and suppressing the people of the three villages right away, and compensate the people of the three villages for all their losses. The most important thing is that they must stop shelling and using troops to invade spies to infiltrate the villages. If they stubbornly continue to fire artillery shells, mobilize their forces to invade, step up sending their spies to create disturbances in the three villages, and say that the situation in the three villages is peaceful, they will certainly not be able to avoid ever more painful punishment by the local guerrillas, regional armed forces, and people in the areas.

CSO: 4206/69

BRIEFS

FRG FERRY HANDED OVER--At a ceremony held at 1000 today, a second Mekong River ferry was presented by the FRG to the LPDR to carry transit goods between Thailand's Nong Khai wharf and Laos' Tha Naleng wharf. FRG Ambassador to Laos Schatzschneider presided over the ceremony on behalf of FRG while Lao Minister of Transport Phao Bounnaphon presided on behalf of the Lao Government. The ceremony took place at the Tha Naleng wharf in Laos. The ferry was built by the Nong Khai Industrial and Shipbuilding Training Center of the Vocational Education Department with economic assistance from the Office of the Mekong River Basin Development Committee for use in carrying the growing volume of transit goods between Thailand and Laos. [Text] [Bangkok Domestic Service in Thai 0530 GMT 3 Jan 85 BK]

NAM NGUM DAM GENERATOR--Vientiane, December 4 (KPL)--The third phase of construction of the Nam Ngum Dam--installation of the fifth generator--was put into trial operation recently. The phase started in late 1982 with funds provided jointly by the Lao government and international organizations. The fifth generator, when in full operation, will increase the electricity capacity of the dam to 150,000 Kw. Present at the inauguration ceremony was Maysouk Saysompheng, Party CC's Member, Minister of Industry, Handicraft and Forestry, and Lao and foreign Experts. [Text] [Vientiane KPL in English 4 Dec 84 p 1]

CSO: 4200/363

VOMD ON U.S. MILITARY BASES IN PHILIPPINES

BK281341 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 24 Dec 84

["Facts": "U.S. Military Bases in the Philippines"]

[Text] There are two U.S. military bases in the Philippines, namely the Subic Bay Naval Base and Clark Airbase. Subic Bay is situated in the central part of Luzon Island, about 100 km northwest of Manila. Covering a total area of 6,070 hectares, it is the largest U.S. naval base overseas. In addition, it is the largest supply center for the U.S. Navy. Piers, depots, unloading centers, and so on are scattered across the base. It has the most advanced dockyard and Marine training center in the world. As the main base of the U.S. Seventh Fleet in the Pacific Ocean, it provides food, weapons, ammunition, and other equipment to and serves as a supermarket for personnel of the Seventh Fleet. The base also serves fighter planes from U.S. aircraft carriers.

The Clark Airbase is situated on Luzon, 80 km north of Subic Bay. Clark once served as a base for U.S. crack troops and is now the headquarters of 8,000 personnel of the 13th U.S. Air Force. In addition, it provides logistics services to the U.S. Navy in the region. During the U.S. aggression against Vietnam, Clark Airbase was turned into the center for the United States to gather, transfer, and send supplies and personnel to Indochina.

The two bases are situated in the middle of a defense zone in the West Pacific stretching from South Korea to the east coast of Africa in the U.S. military strategy of controlling the sea lanes carrying 50 percent of the world's oil supply.

Following the U.S. defeat in Vietnam and when Da Nang and Cam Ranh Bay became transit centers and strategic bases for the Soviet Navy and Air Force operating in the Pacific and Indian Oceans, Subic Bay and Clark resumed their importance for the United States in competing with the USSR for hegemony in the region. In recent years when the Iranian Government of Khomeyni threatened to (?seize) the Straits of Hormuz, the Seventh Fleet moved from Subic Bay to the Persian Gulf.

The Philippines--a Spanish colony--was turned into a U.S. colony in 1898. The U.S. has ever since occupied military bases in the Philippines except during the World War II when Japan occupied the Philippines. Soon after the Philippines gained independence in July 1946, the United States held on to the two bases under a U.S.-Philippine joint defense treaty effective until 1991. The treaty related to the bases has been amended many times. Following the 1979 amendment, the Philippines has sovereignty over the bases and is responsible for security around the bases. However, the bases continue to be controlled and used by the U.S. armed forces. In payment for use of the bases from 1984 to 1989, the United States will provide the Philippines with \$900 million in economic and military aid. At present, 40,000 Filipinos are employed in the two U.S. military bases. The bases have become the second biggest industrial employer in the Philippines. According to estimates by officials of the U.S. Embassy in Manila, about \$300 million is spent annually by the United States to pay its personnel and their families and Philippine workers working in the bases. This being the case, several pro-U.S. Philippine politicians do not want to close the U.S. military bases. However, following the assassination of Philippine opposition leader Aquino, the patriotism of the Philippine people has increased greatly. During mass protests against the Marcos dictatorial regime, opposition parties with large mass support have demanded that the U.S. military bases be closed. They contend that to let the gigantic U.S. military bases remain on Philippine territory amounts to providing the United States with the facility to subvert various aspects of Philippine life. This will enable the United States to control the Philippines in the political, economic, and military fields forever. The chairman of the Organization of the Justice for Aquino and the Justice for All or JAJA, former Senator Lorenzo Tanada, pointed out 2 years ago that the existence of the U.S. military bases will make the Philippines a target of nuclear threat and that the USSR is bound to first destroy U.S. military bases just as Japan destroyed Pearl Harbor when it began the Pacific War.

The U.S. Government is deeply concerned over the extremely unpopular Marcos regime since this situation will eventually endanger the existence of its military bases. Not a few U.S. congressmen hope that moderate Philippine opposition parties will be able to check the development of radical parties. Several U.S. officials even worry that the New People's Army will be more dominant than JAJA. They recommend that the United States strongly support the United Nationalist Democratic Organization or UNIDO--a group of moderate opposition parties--which is exerting pressure on Marcos to restore the Western democratic system in force in the Philippines before the promulgation of martial law in 1972. According to the opinion of U.S. military experts, at least \$8-10 billion would be needed to reestablish two similar bases in another place. Even though the United States can afford to pay enormous sums, it will not get a site for its strategic needs comparable to the two bases, not to mention construction and the difficulty of recruiting tens of thousands of cheap and skilled workers like those in the Philippines. In this respect, a U.S. diplomat has admitted frankly that it is too cheap to pay only \$900 million in military aid for the use of the two bases in the Philippines for 5 years because the United States must pay the Greek Government \$500 million a year in military aid for its bases in Greece. Its bases in Spain and Turkey cost \$400 million a year and \$2.5 billion for 5 years respectively.

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MALAYSIA

#### VOPM CRITICIZES NEW ELECTION CONSTITUENCIES

BK271611 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT  
24 Dec 84

[News commentary: "The Division of Constituencies Is Designed to Strengthen the Position of UMNO Rule"]

[Summary from poor reception] Pursuant to the 1983 Constitutional Amendment Bill, the Election Commission has announced a (?motion) of recommendations for parliamentary constituencies in the country. Under the 1983 Constitutional Amendment Bill, the number of parliamentary seats was increased from 114 to 132 in peninsular Malaysia and from 16 to 20 in Sabah. The number of seats in Sarawak remains at 24. Accordingly, the number of parliamentary seats increased to 176. The number of state legislative seats in peninsular Malaysia has increased by 39 to 351. However, the number of seats in Sabah and Sarawak remains 48 each. Altogether, the state legislative assemblies now have 447 seats. The increase in the number of parliamentary and state legislative seats has in turn resulted in a restructuring of constituencies in the country.

"The new division of constituencies in the country is illogical and unjust. In addition, it is a reflection of Malay chauvinism, which is implemented in disregard of the population ratio in the cities and villages and of the interests of multiracial voters. Instead, it only serves to strengthen the rule by the comprador bureaucrat capitalist class with a view to checking the strength of opposition parties."

"In the planned (?motion) of recommendations, the number of voters in the 14 parliamentary constituencies in the cities in the peninsula is 1.5 times that in villages in the same state. The constituencies in these cities are mainly populated by non-Malay voters. According to a list of voters in December 1982, the number of voters in the peninsula was over 5,229,000 persons. If the number of constituencies in the peninsula is 132, each constituency will consist of more than 39,000 voters."

"By dividing the election constituencies into various illogical groups, the Mahathir regime is trying to smash the strength of the opposition

parties and consolidate the position of the Malay comprador bureaucrat capitalist class. However, this does not show that the regime is strong and powerful. Instead, it shows that the regime does not have the sympathy of the people and is hopelessly isolated.

"What is worth noticing is that in the 1983 amended constitution, there is a new clause stipulating that the division of election constituencies can only be reviewed by a general election committee at least every 8 years. This means that the committee is entitled not to review the division of election constituencies for longer period as long as it suits with the needs of the Kuala Lumpur regime. It is obvious that the disproportionate number of voters in constituencies will become more serious with the passing of time because of different conditions for economic progress in various areas. This situation will definitely benefit the Kuala Lumpur regime."

A fair election system will never exist under the rule of the reactionary Kuala Lumpur regime. The so-called democratic election is nothing but a farce for the regime itself. The proof is in the existence of the unfair and illogical division of the election constituencies described above.

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MALAYSIA

# VOMD ON MAHATHIR'S HANDLING OF BANK LOAN SCANDAL

BK291237 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 29 Dec 84

["News Commentary": "The Kuala Lumpur Parliament Does Not Dare to Face the Big Bank Bumiputera Scandal"]

[Text] During the last parliamentary session in October and November this year, opposition parties proposed that a royal commission be established to investigate the Bumiputera Malaysia Finance [BMF] loan scandal. This demand was not accepted due to opposition from the Mahathir ruling clique. This was another total exposure of the Mahathir ruling clique which has deliberately covered up the Bank Bumiputera loan scandal and which has impudently prevented the public from demanding that the Bank Bumiputera corruption scandal be investigated. In addition, it was clear proof that the Kuala Lumpur parliament failed to convey the people's wishes and did not dare face the big Bank Bumiputera scandal.

The big loan scandal of the BMF--Bank Bumiputera's branch in Hong Kong--is part of a big corruption case tainted with murder. The scandal has brought about the most serious financial loss, affected the reputation of our country, and caused public anger throughout the country. The public know about this affair. Over the past 2 years, the people have been infuriated by the Bank Bumiputera scandal. They have unanimously demanded that the authorities concerned provide due explanations: Why did Bank Bumiputera not carry out business transactions in accordance with the set rules? Why was BMF allowed to actively extend loans to real estate speculators in Hong Kong? How much money was loaned? Why was so much money loaned against normal business procedures? Why was there not a minimum loan guarantee? Why were Bank Bumiputera officials allowed to accept commissions on the loans? Why was Bank Bumiputera official Jalil, who was detecting the bank's suspected financial transactions, immediately murdered mysteriously? And so on. The public insists that the authorities concerned establish an impartial investigation team representing the people of various walks of life or a royal commission to investigate into various irregularities and corruption at Bank Bumiputera and its branch, that their criminal responsibilities be investigated and the big corruptors be arrested, that officials--particularly the finance minister and the prime minister--not make excuses to avoid their responsibilities, and that they apologize to the people.



However, as prime minister of the Kuala Lumpur Government and overseer of Bank Bumiputera, Mahathir has merely been uttering sweet words and making excuses to avoid his responsibility. He continues to seek pretexts to cover the embezzlement and corruption scandal and free the culprits. His action has definitely met public opposition and anger.

This naturally led the people to suspect Mahathir of being involved in the notorious loan scandal. At first, Mahathir said that the loan offered by Bank Bumiputera's branch to the speculators was a normal business activity and that no irregularity had taken place. Later, he said that the action of receiving commissions by several senior officials of Bank Bumiputera was a moral offense but not a legal offense. Subsequently, he added that the government would investigate into the real circumstances of the affair and punish the culprits. However, he merely established a powerless 3-man investigation committee headed by the chief auditor and directed the committee to submit reports to Bank Bumiputera only. In recent months, unable to check the call by the people of various walks of life for an investigation into the Bank Bumiputera loan scandal, Mahathir ordered new Finance Minister Dain Zainuddin to draw up a program to save Bank Bumiputera by obtaining 2,488 million ringgit from Petronas [national petroleum corporation]. In fact, this action amounted to misusing state funds obtained by Petronas from the sale of oil fields to compensate Bank Bumiputera's big loss. His purpose was nothing but to deceive the masses. Certainly, the people of various walks of life have simultaneously criticized and opposed the irresponsible misuse of state funds. Under these circumstances, even though the Mahathir ruling clique managed to prevent discussion of the Bank Bumiputera loan affair in Parliament and to compensate the loss with a large amount of state funds, this affair has not yet been settled. The people will never be silent.

After Parliament recessed and several points of two reports submitted by the 3-man investigation committee were disclosed, the masses of various walks of life more vehemently demanded that an impartial investigation court or a royal commission be set up. The people's movement has called more vehemently for an investigation into the responsibilities of the culprits, arrest of the big corruptors, and elimination of traitors of the nation.

Mahathir and his ilk are squirming like worms in the sun. Many component parties of the National Front and several prominent figures of the United Malays National Organization have also openly stood with the great masses in demanding severe punishment for the criminals. Because of the situation, Mahathir has had on many occasions to promise that he will take legal action against criminals involved in the loan affair. However, on account of Mahathir's position as overseer of Bank Bumiputera and his attitude toward protecting irregularities and corruption, the public have long been able to predict what just actions Mahathir will take.

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MALAYSIA

#### AFP REPORTS ON MALAYSIAN BANK SCANDAL PROBE

HK040634 Hong Kong AFP in English 0553 GMT 4 Jan 85

[Text] Kuala Lumpur, 4 Jan (AFP)--The state-owned Bank Bumiputera opted out of a rescue package for the Carrian Group because it would have received nothing in return for large loans to the conglomerate, said a committee probing Malaysia's biggest bank scandal.

The rescue package calling for a 2-year moratorium on loan repayments by Carrian was put together by Wardley Limited in late 1982 when the Carrian Group was teetering on the brink of collapse.

Bank Bumiputera, whose Hong Kong subsidiary Bumiputra Malaysia Finance (BMF) was the largest lender to Carrian, refused to support the scheme because it also meant surrendering securities in the United States to the Hong Kong and Shanghai Banking Corporation (HSBC), Wardley's parent.

Details of the position which Bank Bumiputera took are outlined in notes of a meeting on 5 February last year between the governor of Malaysia's Central Bank, Aziz Taha, former Bank Bumiputera chairman Dr Nawawi Mat Awin and one of the two former directors of BMF, Hashim Shamsuddin.

The notes were released by the three-man committee appointed by Bank Bumiputera to probe how some 2.4 billion Malaysian dollars (one billion U.S.) was lent to property groups in Hong Kong between 1979 and 1983.

According to a preliminary report by the committee released in November last year, BMF lent 1.84 billion Malaysian dollars (767 million U.S.) to Carrian and EDA Investments [expansion unknown] alone.

The loans turned sour after the Hong Kong property boom fizzled out in 1982. Both companies have since been liquidated.

Notes of the meeting between the bank governor and two executives show that the merchant bank Wardley wanted to see off certain Carrian assets to repay some creditors, but not BMF.

HSBC wanted a "quick decision" on the matter from the 22 banks involved and also asked for the U.S. securities which Carrian had placed with BMF.

The notes said that "it (Bank Bumiputera) could have supported the proposals, as BMF had been included in the repayment schedule and if HSBC had not taken away the securities."

The notes report Mr Hashim as telling Governor Aziz that he thought the Carrian Group "still solvent" despite press reports to the contrary.

Mr Aziz suggested that BMF should not depend on the Wardley study alone and undertake its own study of the Carrian Group "in detail" because of the large loans it had given out.

The inquiry committee, headed by government Auditor-General Ahmad Noordin, said in a 33-page report released on Wednesday that Mr Hashim was among several BMF and Bank Bumiputera executives who received money, financial favours and other help from the Carrian Group and its boss, George Tan.

The committee identified the others as BMF Chairman Lorraine Osman, a Cambridge-trained lawyer and one of the country's most successful Malay businessmen, BMF alternative director Dr Rais Saniman, the BMF's former general manager Ibrahim Jaafar, the former BMF assistant general manager Henry Chin and money market dealer Eric Chow.

Mr Hashim, Mr Lorraine and Dr Rais all quit the bank in October 1983.

Police are investigating the committee's findings to see if criminal charges can be brought against those named.

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MALAYSIA

# PRIME MINISTER DELIVERS NEW YEAR SPEECH

BK211453 Kuala Lumpur Domestic Service in Malay 1230 GMT 31 Dec 84

[Text] In his New Year speech, the prime minister called on all sectors, whether the government or private firms, to practice the slogan launched by the government regarding the direction for the betterment of the country. He said every Malaysian citizen should practice the attitude honorably--that is, by being clean, efficient, and trustworthy--so that the people will be diligent and disciplined, and must show good examples.

[Begin Mahathir recording] Malaysia possesses the potential to become a progressive nation in a shorter period than required by any other developing nation. We have sufficient natural resources, fertile land, are free from all forms of natural disasters, and a high caliber infrastructure. We still need higher and more honorable qualities, which can elevate our ability and productivity. If the government can tirelessly call upon all to practice several honorable values, the aim is not targeted at only for national needs and importance but also for the importance and needs of every Malaysian citizen. For those of the Islamic faith, the practice of these values is also called for and is honorably acclaimed by religion. For those of the non-Islamic faith, these are universal values accepted by all. [End recording]

Datuk Sri Dr Mahathir said that other than being an esteemed value, trustworthiness will definitely bring happiness and contentment to us.

[Begin Mahathir recording] There is not one job that can be carried out without trustworthiness. We cannot possibly carry out all the jobs by ourselves. We are assuredly wanted to carry out others' directives, whether it be in the government sector or in private firms. If there is no trustworthiness, no job will be able to achieve its goals. Development could not be attained, the firms' businesses will be hampered, the laws and regulations cannot be carried out, and even a small piece of work like sending letters, collecting taxes, checking parcels, or changing checks could be carried out in a smooth manner. In brief, without trustworthiness the society cannot live peacefully and in contentment. [End recording]

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#### NEW YEAR EDITORIAL REVIEWS 1984 SITUATION

BK021306 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 31 Dec 84

[Editorial: "Encourage the Favorable Situation for Patriotic and Democratic Movements"]

[Summary] "Brothers, sisters, and comrades:

On New Year's Eve, we wish all of you a happy New Year. Entering 1985, let us hope unanimously that patriotic and democratic movements in our country will move ahead more strongly."

Throughout 1984, big Western industrial powers remained beset by economic recession. A tense political situation, strikes, and demonstrations gripped many capitalist countries, including their colonies and semi-colonies. Increasingly more people in many countries are combining economic struggle with political struggle to promote their standards of living, oppose price increases, demand jobs, and attain political democratization. "The world people's call against aggression, intervention in the internal affairs of other countries, the arms race, and the threat of nuclear war is steadily resounding."

All this shows that the historical tendency under which countries are fighting for independence, nations are fighting for liberation, and peoples want to stage revolution is irreversible.

"Throughout last year, the Kuala Lumpur and Singapore regimes were extremely fearful of further uprising and unity of the people of all nationalities. The two regimes engaged more vigorously in trickery to defend their anti-communist, antipeople, and antidemocratic criminal activities and to use methods to tighten state law and the machinery of violence in order to preserve their power steadily stricken by a wave of the people's struggle.

The leaders, army, and government of the Kuala Lumpur regime repeatedly warned the people not to trust the propaganda of the Communist Party of Malaya [CPM] and the Malay Nationalist Revolutionary Party of Malaya [MNRPM]. This shows that the tasks of the CPM and MNRPM concentrating on encouraging racial unity and patriotic and democratic movements have been popular and achieved a good victory. The Kuala Lumpur regime worries that the victorious

preservation of the Malayan People's Army [MPA] in the armed struggle front has stepped up the courage of the people of all nationalities to rise up against oppression and exploitation, to demand justice, and to consolidate their confidence. Moreover, what has worried them like worms irritated by heat is that the efforts of the MNRPM in defending the dignity of the country, nation, and religion have won wide support among the Malay fellow countrymen." The notorious actions of the Kuala Lumpur and Singapore regimes, particularly the 2-M [Mahathir-Musa] clique, in various fields cannot prevent the people from supporting patriotic and democratic political parties.

Throughout 1984, the Kuala Lumpur regime became ever more active in shouting the "to combat poverty and restructure society" slogan. However, the gap between the rich and poor continued to widen. Ministers and officials were more interested in enriching themselves through various ways. Corruption was rampant in various government agencies. The people were indignant at the 2-M clique's efforts to cover up the Bank Bumiputera Finance loan scandal.

"In 1984, the tyrannical Kuala Lumpur regime faced strong opposition from two sides. The first was the Malays and the broad Muslim community who are opposed to exploitation and oppression and who unswervingly defend the dignity of the country, nation, and religion. The other was the broad Chinese and Indian masses facing discrimination and oppression. Mahathir has failed to rid himself of the political imbroglio he created since his plot to seize power from the paramount ruler and sultans misfired."

The 2-M clique is earnestly implementing the New Economic Policy under which the rich get richer and the poor get poorer. The broad masses of Malay farmers and workers live in poverty. "It adopts an arrogant attitude towards the Malay sultans and is employing various notorious tricks to oppress Muslim scholars and teachers who do not support the United Malays National Organization [UMNO]. All this has made it more isolated among the broad Malay masses.

Last year, the 2-M clique arrested three leaders of the Youth Council of the Pan Malaysian Islamic Party under the Internal Security Act and banned assemblies in the states of Kedah, Perlis, Kelantan, and Terengganu. This has caused further dissatisfaction among the Malays and Muslims, including justice-upholding UMNO members, patriotic soldiers and policemen, and our students abroad. Using various methods, the broad Malay masses have expressed their anger toward the 2-M clique for interfering in religious affairs and trying to desecrate Islam with UMNO politics. The 2-M clique is totally incapable of restricting the activities of the people who preserve the dignity of Islam in a traditional way. More and more Malays rise up each passing day against the 2-M clique's reactionary policies in the economic and political fields. This is the most noticeable characteristic of the current domestic situation."

Last year, the regime attempted to further suppress the cultures of the Chinese and Indian nationalities. The Malacca state government threatened to demolish the Bukit China. The Education Ministry tried to ban the use of mother tongues in assemblies at the Chinese and Tamil schools.

"Last year, the Kuala Lumpur regime monopolized the distribution of news from foreign news agencies, enacted the Printing and Publication Act, refused to permit publication of a Malay-language monthly of the Aliran Kesedaran Negara [an independent reformist movement], broadened the power of the Internal Security Act, and threatened to take retaliatory measures against our students abroad critical of government policies. These actions have revealed further the weak nature of the Kuala Lumpur regime." It is extremely fearful of the people of all nationalities united in struggle to overthrow the rule of the comprador capitalist class.

"Brothers, sisters, and comrades, the situation for patriotic and democratic movements was encouraging last year. Your efforts in various fronts were satisfactory. Let us earnestly (?gather) the experience, overcome difficulties with stronger confidence, and make greater efforts in the New Year with a view to encouraging early establishment of a democratic coalition government!

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VOMD CARRIES CPM NEW YEAR GREETINGS MESSAGE

BK021519 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 31 Dec 84

[New Year Greetings Message from the Communist Party of Malaya Central Committee]

[Text] In conjunction with the new year, 1985, the CPM Central Committee and Comrade Chin Peng extend their warmest greetings and highest respect to all party members, commanders, Malayan People's Liberation Army soldiers, members of the revolutionary organizations, revolutionary comrades, loyal and unyielding patriotic groups in prison, families of fallen heroes, members of the revolutionary families, and all the multiracial people.

During the past year, our party, troops and the revolutionary people in our country have unanimously united and strongly defended the armed revolutionary struggle as well as actively carried out other forms of struggle for the sake of fighting the reactionary anticommunist, anti-democracy, and antipeople policies of the Kuala Lumpur and Singapore regimes. Our struggle has achieved a valuable success. The most striking feature of the situation in our country during the past year was the new consciousness of the broad Malay masses. The broad Malay masses rose strongly to struggle against the Mahathir regime's policies.

During 1985 both reactionary regimes will certainly carry out further suppression in the political area and greater economic exploitation of the masses. Opposition between the multiracial people and both reactionary regimes will surely be intensified. The situation will help the people to further launch a struggle against exploitation, oppression, and discrimination. The current international situation has created an advantage for the revolutionary struggle and for the revolutionary people of our country. Numerous [word indistinct] contradictions in the world have become worse. The capitalist world still cannot find ways and means to shake itself free from the pressure of economic recession and inflation. The struggle between the United States and the Soviet Union over hegemony in the world has become more dreadful. The world population in general and especially the peoples of the colonized and neocolonized lands are launching fiery struggles against imperialism, hegemonism, and the reactionary groups of various countries.



Comrades from all parties, armies, and multiracial people of our country should further strengthen their solidarity, defend the armed revolutionary struggle, widen revolutionary activities, widen as well as strengthen the patriotic and democratic front, struggle against both reactionary regimes' policies, defend the people's democratic rights, elevate the people's living standards, and establish a democratic coalition government.

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VOPM BROADCASTS MCP'S 1985 NEW YEAR MESSAGE

BK021517 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT  
1 Jan 85

[New Year's Message from the Malaysian Communist Party Central Committee]

[Text] On the occasion of the new militant year of 1985, the Malaysian Communist Party [MCP] Central Committee wishes a happy new year and highest revolutionary respects to all party members, all commanders and soldiers of the People's Liberation Army, all members of the People's Liberation League and revolutionary organizations, comrades overseas, the families of revolutionary fighters and fallen heroes, patriotic figures who have noble aspirations and who are defending their struggle in prisons, and the people of various nationalities in revolutionary base areas and throughout the country.

The noble establishment of the MCP has provided the revolutionary comrades and people with tremendous encouragement and strength. Throughout last year, comrades on various fronts who are perseveringly working and who are courageously carrying out their struggle continued to enhance their tasks more conscientiously and actively. The revolutionary people of various nationalities showed their greater approval in supporting and more actively assisting our army (?in) various fields. By closely relying on the public, our army once again destroyed enemy attacks on our base areas.

The party Central Committee accords warm praise to all comrades who have contributed to the revolution and fellow countrymen of various nationalities who have given strong support to the revolution in addition to conveying warm greetings to comrades and friends who made strenuous efforts last year. "We hope that all of you will make more active efforts and score greater achievements in the days to come.

Over the past year, polarization and the gap between rich and poor in our country has been ever widening. The conflict between the people of various nationalities on the one hand and the ruling clique on the other sharpened with each passing day. The struggle of the people of various nationalities in opposing racial and religious oppression, fighting for their pressing interests, and defending democratic rights reached a new stage. Simultaneously, the financial and economic conditions of the ruling clique

worsened. Contests inside the ruling clique continued to intensify. All this brought about a new upheaval in society and gave rise to new revolutionary elements.

During this new year, we must continue to strengthen the development of the revolutionary front and base areas. We must not spare any opportunity to mobilize and organize the public; to unite with and woo all forces willing to unite and to join; to actively launch mass movements; and to oppose anticommunist, antipeople, and antidemocratic reactionary policies and the Mahathir regime's measures and plots in racial oppression and discrimination with a view to encouraging the revolution. We must continue to fight for the reunification of various armed force originally under the control of the Communist Party of Malaya in addition to making efforts for the greater merger of the revolutionary forces in Malaysia.

Let us totally unite, unite all steps, do our best in implementing party guidelines and decisions, and fight incessantly for overthrowing the Kuala Lumpur reactionary regime and establishing the Malaysian People's Republic where the people will become the masters of the country as soon as possible!

We hope that all of you will be happy and victorious in the new year!

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MALAYSIA

# BOOKS, CASSETTES ON RELIGION TO BE BANNED

BK291553 Kuala Lumpur Domestic Service in Malay 1430 GMT 29 Dec 84

[Excerpt] Three cassettes containing religious teachings in Indonesian and two books containing criticism of Islam in English have been banned in the country under the 1984 Printing and Publication Act. The deputy home affairs minister, Mr Radzi Sheikh Ahmad, signed the order in force under Section VII of the act. Under the section, he banned the printing, import, sale, distribution, and possession of the cassettes and books.

The cassettes are "Syahid Di Tanjungpriok, Jakarta" containing speeches by Abdul Kadir Jailani, "Syahid Kedua Di Tanjungpriok, Jakarta" by the same person, and teachings entitled "Penindasan Terhadap Iman Dan Islam Di Indonesia" by Syarifin Maloko.

The two books published in the United States are entitled "A Christian Response To Islam" by (William Miller) and "Think and Grow Rich" by (Napoleon Hills).

Mr Radzi reminded that anyone importing, printing, publishing, distributing, and selling the cassettes and books is liable to a 20,000 ringgit fine or 3 years imprisonment or both if found guilty. Anyone found in possession of the books and cassettes--even only a copy--can be fined up to 5,000 ringgit.

CSO: 4213/96

FORUM NATIONS LESS OUTSPOKEN ON NEW CALEDONIA

Auckland THE NEW ZEALAND HERALD in English 19 Dec 84 p 5

[Text] South Pacific Forum countries will adopt a less outspoken role over the struggle for independence in New Caledonia now that France has accelerated its efforts to resolve the political future of the territory.

The Prime Minister, Mr Lange, emerged from a meeting with three other Pacific leaders in Wellington yesterday and expressed satisfaction with recent initiatives in New Caledonia by the French Government.

But he called France's intention to hold a referendum on independence in 1989 "clearly, totally unacceptable," adding that he thought an assurance of self-government must be made by 1986.

Mr Lange met the Prime Minister of Vanuatu, Father Walter Lini, the Prime Minister of Western Samoa, Mr Tofilau Eti, and the Papua New Guinea leader, Mr Michael Somare.

The four, who form a special group set up at the South Pacific Forum in Tovalu in August to discuss the New Caledonian independence crisis, are understood to have concurred with the line pushed by Father Lini that forum countries should ease their lobbying now that France has stepped up its approach.

The leaders welcomed the dialogue under way in the territory after the appointment of Mr Edgard Pisani as the new French High Commissioner and delegate to New Caledonia.

Mr Lange said Mr Pisani had been instructed to report to the French Government by the beginning of February on the territory's political evolution and long-term development.

Mr Lange said the forum countries must maintain a co-ordinated approach on the issue. A report on recent developments in the territory would be sent to member countries for urgent consideration.

An urgent response was wanted to that report, so the forum's position could be communicated to the French authorities.

Reflecting the "softly-softly" approach, Mr Lange said there would probably be a degree of resentment among the French if the forum countries were "extravagant" in their views.

"We are reporting faithfully, and will report faithfully, what the responsible views of the Pacific community are about that situation.

"And there is every sign that President Mitterrand accepts the urgency, knows there needs to be a change, has dramatically appointed Monsieur Pisani and there will be--long before 1989--the change which is necessary in New Caledonia.

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NEW ZEALAND

# PAPERS COMMENT ON NEW CALEDONIA PLAN

HK090124 Hong Kong AFP in English 0109 GMT 9 Jan 85

[Text] Wellington, 9 Jan (AFP)--Newspaper editorials in New Zealand today gave guarded approval to the plans of French Government special envoy Edgard Pisani for New Caledonia to gain independence by January next year if the factions in the territory agree.

In their first comment on the plan, leading dailies said France had shown itself sensitive to the needs of the South Pacific colony, but warned further tensions could be expected.

The widely-circulated NEW ZEALAND HERALD warned that while France seemed to have made "a genuine attempt to meet some of the demands of the different political and racial groups, it would be foolish to suggest the problems associated with independence in New Caledonia have ended with the latest French initiative."

"Tension could increase as the provisions of the new proposal are debated," the HERALD said, adding that "it may be difficult to maintain order let alone persuade the factions to summon enough moderation to reach agreement."

The paper said Mr Pisani had shown France was prepared to give ground and be flexible and that in general Mr Pisani had honoured his commitment "to propose an independence plan that provides guarantees to the different racial groups" in New Caledonia.

The capital's DOMINION newspaper said that "whatever the reputation for intransigence France has developed in the South Pacific, it shows itself realistic and accommodating in dealing with the independence crisis in New Caledonia."

CSO: 4200/382

JPRS-SEA-85-021  
2 FEBRUARY 1985

PAPUA NEW GUINEA

# AUSTRALIA'S HAYDEN MAY BE BARRED FROM BORDER

BK111640 Melbourne Overseas Service in English 0830 GMT 11 Jan 85

[Text] Papua New Guinea says it may not allow Australia's foreign affairs minister, Mr Hayden, to visit refugee camps on the border with the Indonesian province of Irian Jaya when he visits the country next month. In Port Moresby, Papua New Guinea's foreign minister, Mr Giheho, said the government was concerned that such a visit to the border might strain relations with Indonesia.

Radio Australia correspondent in Port Moresby (Nakoni Pini) says there are 9,000 Irian Jayans in camps in Papua New Guinea, awaiting repatriation under plans being prepared by the Indonesian and Papua New Guinea governments. Our correspondent said that Mr Giheho said Mr Hayden might be asked about the possibilities of settling some Irian Jayans in Australia.

In Canberra, a spokesman for Mr Hayden said if Port Moresby thought it would not be appropriate for him to visit the Irian Jaya border, then that advice would be accepted.

CSO: 4200/388



JPRS-SEA-85-021  
2 FEBRUARY 1985

SINGAPORE

# LEE KUAN YEW SUES OPPOSITION PARTY CANDIDATES

BK111235 Singapore THE STRAITS TIMES in English 11 Jan 85 p 1

[Excerpt] Two more opposition candidates are being sued by the Prime Minister for allegedly making slanderous remarks against him during the general election rallies last month.

Writs were taken out in the High Court on Wednesday against Dr Lee Siew Choh, chairman of the Barisan Sosialis [BS], and Mr Quek Teow Chuan, a Singapore United Front [SUF] candidate who stood in Nee Soon.

Dr Lee, who stood in Boon Teck, is alleged to have made defamatory remarks about Mr Lee Kuan Yew at a BS rally in Lorong 3, Toa Payoh on 16 December, while Mr Quek is alleged to have done this at an SUF rally in Jalan Lengkok in Sembawang on 19 December.

Contacted at home last night, Dr Lee, who has announced his retirement from politics after his election defeat, said: "I just can't imagine...I don't think I defamed him in any way.

"I have handed the matter to my lawyers. I think I'd better not say too much at the present time."

Mr Quek could not be contacted.

The first opposition politician to have faced legal action this general election is the SUF's secretary-general, Mr Seow Khee Leng.

Writs were taken out against him for having made defamatory remarks against Mr Lee and members of the Cabinet.

Lawyers Drew and Napier, acting for Mr Lee and the Cabinet, offered Mr Seow out-of-court settlement terms, but to date the matter has not been resolved.

Mr Lee gave more than an indication of his intention to sue during a post-election press conference in the early hours of 23 December.

CSO: 4200/390

LEE KUAN YEW TO WORK FOR CLOSER ASEAN TIES

BK111225 Singapore THE STRAITS TIMES in English 11 Jan 85 p 1

[Text] Prime Minister Lee Kuan Yew has thanked President Ferdinand Marcos and Prime Minister Cesar Virata of the Philippines for their messages of congratulations on the PAP's [People's Action Party] election victory.

Mr Marcos said in his message: "The fresh mandate you have received ensures the continued stability of ASEAN and, consequently, in the light of the interdependence of nations, the world in general.

"Your political will and vision have made Singapore, with its unparalleled growth and progress, the model for countries, especially those in the Third World, to emulate."

In his reply to Mr Marcos, Mr Lee said: "The Singapore Government will continue to work for the further strengthening of relations between our two countries and towards even closer cooperation and progress in ASEAN."

Mr Virata said in his message: "The overwhelming support given by the people of Singapore to the PAP clearly reaffirms their continued faith and confidence in your outstanding leadership and the policies pursued by your government.

"We look forward to the further strengthening of friendly relations between Singapore and the Philippines..."

Mr Lee replied: "I am confident that the friendly relations between our two countries will be further strengthened in the years ahead."

CSO: 4200/390

JPRS-SEA-85-021  
2 FEBRUARY 1985

SINGAPORE

INDONESIA'S MURDANI, PHILIPPINES' ENRILE ARRIVE

BK111605 Singapore Domestic Service in English 1300 GMT 11 Jan 85

[Text] The Indonesian coordinating minister for economics, financial, and industrial affairs, Ali Wardhana, arrived in Singapore this evening. Dr Wardhana, who is the coordinating minister for the supervision of development, will have talks with the prime minister this weekend. He told reporters at Changi Airport there is no specific agenda [words indistinct] world economic problems, ASEAN, and bilateral issues between Singapore and Indonesia, especially in the forthcoming ASEAN economic ministers' meeting in Kuala Lumpur. Dr Wardhana also hopes to meet the republic's younger leaders to find out the direction of Singapore policy under their leadership.

Earlier, the commander in chief of the Indonesian armed forces, General Benni Murdani, arrived in Singapore on a special flight. The Philippine defense minister, Mr Juan Ponce Enrile, is also in the republic. They will meet Mr Lee Kuan Yew for talks tomorrow.

The prime minister met the visiting Law and Communications Minister of Brunei Pengiran Bahrin bin Pangiran Haji Abbas at the palace this afternoon. Mr Lee invited the king and [words indistinct] to visit the republic for informal discussions.

CSO: 4200/390

## EXPORT PROMOTION MEASURES DISCUSSED

Bangkok THE NATION REVIEW in English 21 Dec 84 p 25

[Text]

**HIGH-RANKING** government officials and trade experts yesterday proposed specific plans to boost Thailand's total exports to over 190,000 million baht in an "offensive," despite growing concern over protectionist trends worldwide next year.

Commerce Minister Kosol Krairiksh yesterday strongly urged implementation of a "national export offensive" for the long term economic survival of the country, and lashed out at the US Government for its insincerity towards free trade.

In an eloquent speech given at the seminar "Export Trends and Prospects '85-'86", at Thai Farmers Bank, he said that Thailand this year has achieved total value of exports exceeding the targetted 160,000 million baht, representing more than 14 per cent growth from last year.

He was, however, quick to point out that 1984 is the 33rd consecutive year that Thailand has suffered a balance of trade deficit, and "although in some years we may have obtained balance of payment surpluses, inside we are just as hollow as a false millionaire with assets made up of foreign borrowings.

Warning that competition in international trade next year is likely to grow stronger, both in terms of prices and quality, he said that the recent negotiations with the US on textile exports assured him that they are departing from a free trade stand in favour of protectionism. He described the outcome of the talks as full of "sweet words."

"At present, we see a trend towards developed countries forcing less developed countries to stop producing similar goods while preparing to put an end to the various import privileges, and in turn forcing LDC's to compete more among themselves," he commented.

He strongly suggested that export policy be integrated in overall national policy and included in the 6th National Economic and Social Development Plan to pave the way for complete restructuring of domestic industry towards export production, improvement of marketing and technological development to boost value added content.

The marketing offensive should include investment to improve marketing information and hiring of specialized lobbyists in industrialized nations to monitor changing laws and regulations affecting Thai exports.

## MAXIMIZE FOREIGN EXCHANGE EARNINGS

Director General of the Commercial Relations Department Sukon Kanchanalai suggested that from now on manufacture of exports be promoted "to maximize foreign exchange earnings" and put an end to across-the-board promotions while giving priority to an industry for a couple of years until it can stand on its

She said that from now on more assistance should be given to the export manufacturing sector than to the agricultural sector, which has gained enough experience. "I feel that selective support will be better," she added.

She called on the Bank of Thailand to raise the amount of the export packing credit for the manufacturing sector. She said that industrialized countries are now trying to use various tax incentives given to industry by the Thai Government to impose so-called countervailing duties and as an excuse for greater protectionism. She said recent examples were the tuna case and textiles.

She expressed deep frustration with the refusal by the Japanese Government to reduce the import tax on boneless chicken from Thailand, citing "politics" as the main obstacle. "So we have to fight back by mean of politics," she indicated.

## INCENTIVES FOR INDUSTRIAL PARTS

Deputy Secretary General of the Board of Investment Staporn Kavitanon said that he will ask the BoI Board to allow owners of 150 rai of land to set up export processing zones or similar facilities for industrial estates.

He said that promotional privileges given to such ventures would attract private sector investment in private industrial estates and supplement the work of the Industrial Es-

tate Authority of Thailand, which either does not have sufficient money or manpower.

He suggested that, also in the future, companies be graded by their behaviour so that good grade companies receive less intervention by the government and have their information process quicker than companies that have poor grades.

## MORE BONDED WAREHOUSES

Deputy Permanent Secretary of the Finance Ministry Paichitr Rochanavanij said that the government would like to see more private bonded manufacturing warehouses set up to facilitate raw material imports for exports.

However, there are currently three bonded manufacturing warehouses, out of 36, which have violated their privileges by selling raw materials domestically, and he indicated their licences may be withdrawn.

Meanwhile, he said that about 70 export tax rebate formulas have been completed which will help to speed rebates to exporters, and the ministry is also looking at ways of increasing the amount of tax rebates for exporters by integrating the existing two separate financial accounts into one which will help also to speed calculations.

The study, he hinted, may also involve some adjustment in taxes to assist manufacturers selling intermediate products to exporters. They may be given some form of tax incentive, but "this is not a promise," he was quick to point out.

## SWISS FRANC HELPS LOANS

Representing the Thai Bankers' Association Narong Sri Sa-an, of Thai Farmers Bank, said that member banks have been able to acquire the world's cheapest money, the Swiss franc, to help fund both long-term and short-term loans for

exporters, but due to high foreign exchange rate fluctuations in the past couple of years, more mixes of currencies are sought.

The commercial banks, which are now gaining ground in the international banking arena, have also been able to issue both bid bonds and performance bonds to exporters, which are accepted in most countries, as well as finding third party banks to guarantee letters of credit for countries with questionable financial standings.

He urged exporters to examine closely recent changes in the uniform custom adopted by the International Chamber of Commerce and warned against false bills of lading issued by certain chartered ships.

## REDISCOUNT FACILITY

Director of the Department of Bank Supervision & Examination at the Bank of Thailand, Rerngchai Marakanonda said that the rediscount facility given by the Central Bank to exporters accounted for 53 per cent of total exports last year, and currently there is some 9,000 million baht left in the account to help the industry. "I prefer to call the bank the Bank of Thailand for Development because our role is also to assist the country to develop," he added.

He indicated that exporters should not feel that the government is letting them down by increasing the discount rate from seven to nine per cent, since, when compared to local market rate, the differences are still among the best for countries in this region. At the same time, some smaller firms are getting a favourable rate — eight per cent — to help them create new markets.

However, he expressed concern that large exporters tend to get the better of the smaller firms by using the rediscount

facility, and pointed to three areas with which he said the Bank of Thailand is not very happy.

- Are the lower costs obtained by exporters at nine per cent allocated to manufacturers and intermediate producers or not?

- Is the rediscount facility spread out evenly among larger and smaller firms or not?

- Certain commercial banks are not utilizing their share of the rediscount facility. Does this imply that they are or are not involved in trade financing, or is the phenomenon is due to the timing of exports?

Rerngchai told *The Nation* that he would like to see the allocation of rediscount facility linked to the performance of the commercial banks in promoting the export sector, but that judging each bank's performance would be difficult.

#### AMERICAN CHAMBER OF COMMERCE

President of the American Chamber of Commerce, Harold Vickery Jr indicated that current press coverage of increasing protectionist trends in the US, for instance, on the possibility of the imposition of countervailing duty against Thai textile imports to America, may lead the public to think that the US has a bad reputation, and "it would be foolish to deny this."

In perspective, he suggested that the question: "Whether the US will remain a relatively more open market than others?" would be more appropriate, including of course, for textiles. He explained that during the first nine months of this year, Thai textile

imports to the US rose 94 per cent compared to the previous year.

Besides, the US takes about 47 per cent of all Thai textile exports and "the fact is that the US remains the most open market for most Thai products," he said.

He said that the current protectionist tendency in the US mainly stems from the strong US dollar, which has led by a slow-down in US exports, and increased imports, as well as strong national and current account deficits. "Should the dollar weaken, demand for Thai products will slow, but I also hope that Thailand's other important trading partners, including the European Economic Community (EEC) and Japan will be able to purchase more Thai goods," he commented.

#### JAPANESE CHAMBER OF COMMERCE

Representing the Japanese Chamber of Commerce, President of Jetro Bangkok Yasutaka Nishimura indicated that according to a preliminary forecast for next year, the Japanese economy is expected to grow by about 4.5 per cent, a slight drop from this year's estimated 5.3 per cent. "There will be slower expansion of Japanese exports but domestic consumption is expected to increase," he added.

He indicated that Japan is the only country in the world which has a programme to promote imports, and it is also the only country this year which has not introduced any new protectionist measures.

## GOVERNMENT WARNED ON DEBT SERVICE RATIO

Bangkok THE NATION REVIEW in English 14 Dec 84 p 25

[Text]

**THAILAND'S** large-scale industrial investment projects up to Year 2000 will require total investments of nearly 300,000 million baht and the "high alternative scenario" will substantially increase the debt service ratio by the end of the 1980s, "potentially creating severe economic problems to the Thai economy."

A large-scale investment policy as compared to a small and medium scale investment policy would require more "public financial support."

These and other conclusions are contained in a study completed recently by the Consultants for Trade and Industry AB (Sweden), Asian Engineering Consultants Corp Ltd (Thailand), National Institute of Development Administration (Thailand) and Louis Berger International, Inc (USA). The final report was submitted to the Office of the National Economic and Social Development Board which will hold a one-day discussion on the analyses and proposals on Dec 21 at Hilton International Hotel.

The report says that the total average annual equity requirements for the high, medium and low scenarios have been estimated at Baht 4.1, 2.6 and 1.9 billion respectively, corresponding to 52%, 32% and 24% of the total annual average estimated increase in capitalization of Thai industries.

"Even if assuming a 49% foreign equity participation 'topping up' the mobilization of domestic equity, there is a great risk for a crowding-out effect in relation to other projects," the report says.

Under the assumption that 75% of the long-term borrowing and 25% of the working capital would be mobilized from abroad, the domestic borrowing requirements of the three scenarios would not absorb more than 13%, 9% and 7% of the annual average estimated increase in credits extended by the entire Thai financial system in the high, medium and low scenarios respectively.

On the question of having 49% foreign equity participation, it is doubtful whether that could be accomplished, considering the huge sums involved in each project, the high risk and the low commercial profitability normally associated with large-scale industrial investments.

Regarding long-term borrowing from abroad, the guarantee issue, the capital cost, and Thailand's creditworthiness are discussed among other aspects of this issue. "It is concluded that the problems and difficulties increase at an accelerating rate when moving from the low alternative scenario to the medium and high alternative scenarios," the report adds.

On employment implications, the report points out that there is a great difference between the scenarios in their capacity to generate direct and indirect jobs. With regards to a "crowding-out" effect by the large-scale industries; employment opportunities associated with the high alternative scenario would be 80,000-90,000 employees less per year as compared to the low alternative scenario for the period 1985-1992.

The study has drawn up an inventory of potential large-scale industrial projects, each involving capital costs exceeding US\$50 million which are being considered, or are likely to be considered in Thailand for the next ten to 15 years.

The study also explains the definitions

of the "high, medium and low scenarios" as follows:

The "high alternative scenario", including about two thirds of the above mentioned projects in value, assumes basically a timing of the proposed projects according to feasibility studies conducted for each separate project. This scenario involves for the period 1985-1992 total capital requirements for large scale industrial investments at an annual average rate of Baht 21,000 million, excluding working capital requirements and capital requirements for infrastructure. This amount would correspond to an estimated 32% each year of total gross fixed capital formation in manufacturing available for expansion projects.

In the "medium alternative scenario" the investments considered have been spread out over time. This scenario involves for the period 1985-1992 total capital requirements for large scale industrial investments at an annual average rate of Baht 13,000 million, excluding working capital requirements and capital requirements for infrastructure. This alternative would absorb an estimated 20% each year of total gross fixed capital formation in manufacturing available for expansion projects.

In the "low alternative scenario" some projects have been deleted as compared with the other alternative scenarios. This scenario involves for the period 1985-1992 total capital requirements for large scale industrial investments at an annual average rate of Baht 10,000 million, excluding working capital requirements and capital requirements for infrastructure. This alternative would absorb an estimated 15% each year of total gross fixed capital formation in manufacturing available for expansion projects.

CSO: 4200/361



# 1985 FORECAST: INFLATION UP, INVESTMENT DOWN

Bangkok THE NATION REVIEW in English 17 Dec 84 pp 4, 5

[Text]

**T**HE IMPACT of the baht devaluation will spill over to the new year and uncertainty as well as indecision among businessmen may last through the first six months of 1985. Inflation will go up from this year's exceptionally low rate of 1.5-2 per cent to 4-5 per cent if local oil prices remain unchanged. However, there are indications that oil prices will have to go up and minimum wage rates will rise, pushing up inflation rate to about 8-9 per cent.

Construction will suffer rather severely in the new year, especially in the government sector due to the baht devaluation which will force government to cut down its construction programmes. Private sector's construction activity will also suffer as a result.

Agricultural growth rate which recorded 2.7 per cent this year compared to 1983's 4.3 per cent will continue to drop in the new year, probably down to 1.5 per cent due mainly to the fact that the added value of tapioca and sugarcane had shrunk significantly and livestock will be hurt by the baht devaluation.

The Thai Farmers Bank, in its comprehensive review of 1984's economy and forecast for 1985, appears somewhat cautiously optimistic. But a sense of pessimism could be detected throughout the survey released over the weekend.

Year 1984, which is coming to an end, has been marked by several "storms" in the economy. One fiscal shock after another hit the country and prices for farm products were low while there was a glut of agricultural produce. The purchasing power of the people, especially those in the agricultural sector, remained low.

The obvious highlights of the negative side of the economy were the collapse of finance

firms, the takeover of Asia Trust Bank by the government and the 18 per cent ceiling on credit expansion and they all contributed to unprecedented pressure on the country's industry. Then came the baht devaluation and the unpegging of the baht from the dollar. Economic growth for 1984 was therefore on the low side compared to that of 1983.

For 1985, problems in the economic field particularly in the financial world are expected to be fewer. But the first six months of 1985 will witness a continuous "shock effect" since most businesses will continue to be in the process of adjustment to the new baht parity system. Investment projects that had been drawn up before the baht devaluation have certainly been reviewed, a process that will last until next year. Marketing and fiscal practices will have to be revised. And if the government doesn't allow prices to go up for certain industries, expansion and new investments will be far and far between.

It is fair to predict, therefore, that the country's economy during the first six months of 1985 will remain stagnant although the last six-month period may pick up.

Whether 1985 as a whole will be better than 1984 depends, naturally, on several vital factors, and the most important of all is export, obviously. For one thing, it would be crucial whether producers and exporters from Thailand could penetrate the tax walls and quota systems as well as protectionistic measures erected by importing nations. It also depends on how far the government could support them in that formidable task, especially in offering assistance in the form of low-interest financial help for exporters.

That evaluation could be realistic only at the mid-year point of 1985.

**AGRICULTURE:** 1984 saw a rather good year for this field compared to that in 1983.

But prices of most products remained low, prompting growth rate in this field to be only 2.5-3 per cent compared to 1983's 4.3 per cent growth. Export items that gained bigger markets in both volumes and value were rice, rubber, tobacco, mungbean and frozen chicken.

Agricultural production for 1985 is expected to be more or less on the same par as that of this year and prices are expected to remain low, however.

**INDUSTRY:** The 18 per cent credit ceiling control last year had some severe effects on industries, cutting down the growth rate in this area — to the tune of 6-7 per cent, close to that in 1983. But certain industries such as canned pineapple, canned seafood and other export-oriented businesses did do well.

Next year will be a year of adjustment for industries due to the baht devaluation and problems will be apparent during the first part of the year especially all import industries which will see prices go up.

But once the government switches on the greenlight for price increases, most businesses should be able to proceed although there will continue to be obstacles. Sale volumes and values for most luxury items will decline. But export-oriented industries and import-substitute businesses should look up since they will become more competitive.

"The major point of concern should be quality improvement and jacking up of efficiency so that Thai products could gain a real edge in the world market. It is expected that once the adjustment is completed, most Thai industries should be able to register growth rate close to that of this year overall," the TFB analysis says.

**INVESTMENT:** The ending year has seen a slow-down in investment because of lack of working capital for investors and interest rates were higher this year than those in 1983. That caused hesitation among new investors. The best they could do was to adopt a "wait-and-see" attitude.

For 1984, the number of promoted industries and opened up business was down by 34 per cent while factories granted licences were also down by 23 per cent. Expansion of plants approved by the Industry Ministry also dropped by 34 per cent.

For 1985, investments will drop in the first six months of the year since new investors will watch out for the real impact of the baht devaluation. Costs for new projects will inevitably rise and expansion of existing factories will slow down. The situation in the last six months might improve if the government should come up with certain incentives.

**EXPORTS:** For 1984, exports must be considered bright. It has been estimated that total

exports for 1984 would be up from 1983 by 20,000 million baht or a 14 per cent increase, with major income-earners being rice, textile products, tapioca products, rubber, electrical circuits, maize, precious stones, canned seafood, sugar and canned pineapple etc...

For the new year, export value is expected to go up by another 20,000 million baht, with total exports estimated at 180,000-190,000 million baht.

**IMPORTS:** For 1984, total imports were believed to be in the tune of 232,000-233,000 million baht, a slight decline from the 1983 figures due to the control measures on letters of credit and credit control on commercial banks early in the year. Most of the import items were raw materials and semi-finished products, fuel products and capital goods.

Imports for 1985 are expected to go down but the actual value of imports in baht will go up from that of 1984 due to the baht devaluation. And the increase in value in baht is expected to be about 7-10 per cent.

The growth in imports despite measures to control luxury goods is due mainly to the fact that 80 per cent of the country's imports are in the form of capital goods, oil and fuel products, raw materials and finished products whose imports could hardly be cut down as they are vital to the country's production process.

**TRADE DEFICIT:** Trade deficit for 1984 has gone down remarkably from that of 1983. The deficit is believed to be about 65,000 million baht, a drop by about 25,000 million baht from 1983. Next year, a slight drop is also expected if the measures to promote exports and limit imports work according to plans. But if exports don't live up to the target and imports continue to rise over 10 per cent, the trade deficit situation will remain more or less at the same level as that of this year.

**BALANCE OF PAYMENTS:** This year's position in this regard is much better than that of last year when the unprecedented trade deficit caused a balance-of-payments deficit of about 18,000 million baht. This year, a surplus of about 1,000-2,000 million baht is expected due to a drop in trade deficit. Next year, the balance of payments situation is expected to improve again.

**GOVERNMENT'S FISCAL POSITION:** Government revenue collection for this year at 147,846 million baht, up by 8.2 per cent from that of last year but still 12,154 million baht (or 7.6 per cent) below target while spending was 182,312 million or 8.6 per cent higher but 9,688 million baht or 5 per cent below the ceiling, resulting in a total budget deficit of 34,464 million baht.

Only the Customs Department managed to meet the target — and 1,750 million baht or 5.5 per cent above target. The Revenue Department's performance was 3.2 per cent below target. The Excise Department was 5.7 per cent below the ceiling set.

This will be a problem for 1985 fiscal year after the baht devaluation which has affected government agencies at varying degrees. Some projects have been scrapped or slowed down to keep spending within the limit.

Budget set aside for repayment of foreign debts of 10,200 million baht has swollen to about 1,600-1,700 million baht to meet the loan obligations. Another 700 million baht extra will be needed to pay sellers or middlemen arranging for military equipment in foreign exchange.

It is expected that the government, in the new year, will have to make additional loans in the new year to offset the additional burden while revenue shows a downward trend.

**BANKING:** Deposits in commercial banks for this year were lower than that in 1983, with growth rate expected to be about 17-19 per cent, compared to 26 per cent growth last year compared to 1982. The decline was due to a drop in lending and the 18 per cent credit ceiling control and economic doldrums, coupled with low interest rates abroad, prompting businesses to turn to foreign sources.

The new year's deposits are expected to increase by more or less the same percentage as that this year, or about 20-22 per cent.

**CREDIT:** Lending for 1984 rose slowly by about 16-17 per cent while last year's growth was 34 per cent from that of the previous year. The ratio between credit and deposits throughout 1984 was between 98-99 per cent. It is expected that lending in 1985 will continue to grow at a slow rate due to the low deposits — at about 20-22 per cent.

For 1984, banks' loans did not show any increase while in fact foreign loans brought in by commercial banks went down by 2-3 per cent from that of last year. However, businesses did bring in a large amount of foreign money due to less restrictions.

But the channelling of foreign fund without going through the banking system has created problems. The Thai Farmers Bank says

in the report that some corrective measures must be made to improve the situation.

"When liquidity is high in the country, tax measure should be applied to cut down the amount. And if the tight money situation should arise, tax measures should also be imposed to resolve the problem," the report says.

**INTEREST RATES:** Local interest rates have been on the decline throughout 1984 due to high liquidity in the local money market and the standard interest rates charged by the central bank for the first-tier and second-tier discount facilities had stabilized at 13 per cent and 14.5 per cent respectively until the middle of November when the Bank of Thailand cut them down to 12 per cent and 13.5 per cent respectively to lead the way for the commercial banks to bring down interest rates.

In 1985, interest rates are expected to go down slightly in line with foreign interest rates. However, lending rates are not expected to go down significantly if interest rates on deposits do not decline to any great level.

**EXCHANGE RATES:** In the new year, the parity of the baht against other currencies are expected to fluctuate most of the time in line with national and international economies.

"However, even if a floating exchange rate system has been applied, it won't be a totally free system. The Bank of Thailand through the Exchange Equalization Fund will intervene at times to bring about some stability," the report says.

**COMPETITION AMONG BANKS:** 1984 marked fierce competition among banks which offered new services such as TCD that stressed short-term and long-term deposits. The introduction of automatic teller machines (ATM) was also a widespread practice among banks and, to comply with the central bank's policy, banks began to adopt the ATM pool system which will become more complete by next year.

Various kinds of credit cards will continue to be offered by competing banks in the new year. Competition in "pricing" will also become more obvious as could be seen by the reluctance among some banks which refused to bring down interest rates on deposits for fear of losing their market shares.

## INVESTMENT IN PRC DISCUSSED

Bangkok THE NATION REVIEW in English 19 Dec 84 p 22

[Article by Pusadee Keetaworanart]

[Text]

BETWEEN late last month and early this month, Chart Thai Party's deputy leader Chatichai Choonhavan, in his capacity as president of the Thai-Chinese Friendship Association, headed an association delegation on a visit to China.

The visit was an annual routine trip to promote better relations and understanding between the two countries.

However, the recent visit differed considerably from past journeys. As Maj-Gen Chatichai said prior to the visit: "The association has been touring China for nearly 10 years. From now on our visits should also involve business. So this visit will not just be a sight-seeing trip as before."

Keeping this objective in mind, the delegation visited only specific economic zones in South China, looking for investment opportunities in those areas.

Maj-Gen Chatichai said in an interview after returning from the tour that Chinese Foreign Relations Association chairman Wang Pingnan had this year invited the Thai-Chinese Friendship Association to visit four economic zones in South China: Emen in Hokkien Province and Swato, Hainan and Shenzhen in Canton Province.

During the visit, the Thai delegation met the Canton Economic Committee as well as the governor and lord mayor of Canton.

The delegation was briefed and given details on investment in China, with the hosts treating the delegation as important visitors as its members came from the private sector and included experts in various types of businesses.

"China has started its economic development, particularly the expansion of various industries and its deep-sea ports. In several meetings with Chinese authorities, both sides reached an understanding that we can no longer trade agricultural produce, as the two countries have similar crops. Before, China had some use for our farming products, but now China has a crop surplus, ready for export. Therefore, from now on trading of agricultural crops will be very limited," said Maj-Gen Chatichai.

He continued: "We must understand that in the past 10 years, China has made many changes. The commune system has largely been replaced by the precinct system which yields more produce. We must develop new plans for selling our crops. We must learn what China needs and wants."

"We now know that China wants to develop more industries. Therefore, Thailand and China will have to take more interest in industries, be they Chinese investments in Thailand or Thai investments in China or joint investments in each or both of the two countries. There should also be more exchanges of technology."

## MEETINGS

In meetings with Chinese authorities in the different economic zones, the two sides discussed three different subjects.

Firstly, they talked about possible joint investment in industrial projects such as the tyre and automobile industries, in which Thailand

can invest in China because it possesses advanced technology in these fields.

Secondly, talks were held on the possibility of joint investments in China for setting up factories to produce steel rods which are in high demand by China's booming construction industry.

Thirdly, discussions were held on the hotel industry which is still in its infancy in China. However, there is no hotel problem in Kwangchow which has four or five hotels. They are said to be in no way inferior to hotels in Hong Kong in both food and service.

From Kwangchow, the delegation first visited the economic zone in Hokkien where Chinese economic leaders want Thailand to invest in the construction of deep-sea ports, super highways and breweries. Maj-Gen Chatichai said the Chinese people like to drink beer and the water there is very good for brewing.

Moreover, the Thai delegation was asked to build a hotel in Emen for the Chinese believe that the Thais are proficient in the hotel industry. According to Maj-Gen Chatichai, the Chinese also know that Thailand has experts in aviation. They want Thailand to open an air route between Emen and Bangkok because Chinese local governments have now been allowed to set up their own airlines.

The Chinese economic zone leaders are of the opinion that in future, there should be a joint Thai-Chinese airline, because Thailand possesses high technology in this field.

For Maj-Gen Chatichai, the three fields mentioned have definite investment possibilities. But for joint investment in tourism the time has not yet come as China must first build modern airports for large-capacity aircraft and first-class hotels.

From Hokkien, the delegation went to Swato. There, the Thai and Chinese sides agreed on industrial cooperation and investments in hotels, sea ports, tourism and banks. The Thai delegation is of the opinion that there should be branches of Thai banks to promote investment. Representatives of Swato want to have a modern airport and asked Thailand to open an air route between Swato and Bangkok because most of the overseas Chinese in Thailand came from Swato.

They think that the air route will benefit both Thailand and China. They want to set up an airline company and want the Thais to be the first to fly to Swato.

At the Hainan economic zone, the Chinese again invited Thailand to invest in hotels, sea ports and factories to produce plywood from rubber trees for making furniture.

At Shenzhen, China's first economic zone, the city has been developed so rapidly that it is now almost like Hong Kong, Maj-Gen Chatichai said. Again, Thailand was requested to fly there.

Maj-Gen Chatichai said all localities visited by the delegation had problems with airports and hotels. However, at Shenzhen the hotel situation is somewhat better. The opening of an air route to Swato is a matter of negotiations between the Thai and Chinese governments.

He said he personally felt that many opportunities have been made available for Thailand to invest in China.

On the money transfer problem, he said the Chinese had assured him that Thai investors would be able to take their profits home.

To follow up the results of this visit, the Thai-Chinese Friendship Association has set up a working group for detailed negotiations. Interested parties can contact the association for more information, he said.

Though talking favourably about the results of the visit, Maj-Gen Chatichai said he himself has no intention of investing in China, but that he only paved the way for other investors. He said that those interested should get in touch with the association, even if they are not members.

It should be noted that all possible investments in any of the Chinese economic zones require a huge capital outlay, most being government-level investments. The building of airports and deep-sea ports are beyond the capability of the Thai private sector. The opening of an air route is a government-to-government matter in which private business has no right to interfere.

For the private sector, only investments in hotels and factories producing automobile tyres and plywood are possible.

There are still many other industries in which China wants foreign investment and Thai investors are capable enough to vie for them without risking a loss because China is a market with enormous purchasing power.

## PROBLEM

But, the problem of how to transfer money back to Thailand remains. Many Thai trade delegations have been assured that there would be no problems at all. But despite this, the issue has remained as difficult as ever.

For export items made in China, it may be easy to get foreign currencies to the home country. But, if an investment is made for the production of materials for sales in China, it would be difficult to send the profits home, unless parts of the production are exported.

In this case, foreign currencies can be transferred to the home country. However, this is much more difficult in China than in other countries.

Therefore, it may be too soon for Maj-Gen Chatichai's confidence in China's assurances on money matters. Many steps have yet to be taken and a particular agreement must be made with the Chinese side for each separate case. China is still imposing strict controls on foreign currencies.

If the Thai-Chinese Friendship Association really wants to promote Thai investment in China, a single visit and a few negotiations are not enough. As a working group has been set up for this purpose, it should make many more trips to China to collect data and additional information on foreign investment.

China is still new to the mobilisation of foreign money and is still at a stage where it is trying out several methods in order to find the most suitable one.

One thing which must be strongly adhered to in contacts with China is patience. Without patience any businessman would face certain disappointment in dealings with China.

It might be true that opportunities are wide open for Thai businessmen to invest in China, but it is still easier said than done.

CSO: 4200/361



## CAPITAL SECURITY COMMAND THINK TANK

Bangkok THE NATION REVIEW in English 20 Dec 84 p 4

[Article by Pongsak Srisod and Sompong K. Naradorn]

[Text]

**T**HE RESTRUCTURING of the "think tank" at the Capital Security Command (CSC) has finally been carried out following a series of internal debate over its actual role in the wake of criticism of its negative contributions. Obviously, the image of CSC Commander Gen Arthit Kamlang-ek was the key consideration in the overhaul of the "think tank."

In the process to re-organize the think tank, formerly called the Advisory Board of the CSC and now renamed the Coordinating Committee on Civilian Affairs, a senior CSC official told *The Nation* that despite criticisms against the think tank, the CSC should not deny the advisors their roles at the security body.

"They want to make contributions to the CSC," he said.

Insiders, frustrated by the allegations against the think tank, pointed out that the image of the think tank was somewhat a distortion of the realities.

"People think that the think tank was behind the actions taken by the CSC commander, particularly his political behavior. But after all, the Advisory Board has never met to provide him political counsel. Not even once," one insider told *The Nation*.

To the amazement of most outsiders, the think tank comprised a great number of about 200-300 people and the insiders pointed out that there was only one occasion when they all met in plenum — when their appointment was officially announced.

Later on, there were only a few occasions where some of the advisors were called to meetings. The meetings were called, for instance, to discuss the strike staged by employees of the Bangkok Mass Transit Authority (BMTA) against Communications Minister Samak Sunda-

ravej, the collapse of several finance and trust companies and the row at the Khon Kaen University. About 20-30 advisors were usually called to such a meeting.

The insiders cited the above facts to back up the contention that the advisory board had never met to provide political advice to Gen Arthit, although they admitted that some individual advisors might have offered advice to the CSC commander over some political issues.

"But that was strictly personal and in fact, it is well known that the 'Bigs' have their own informal advisors to consult with, some of them are outside the Advisory Board," one insider said.

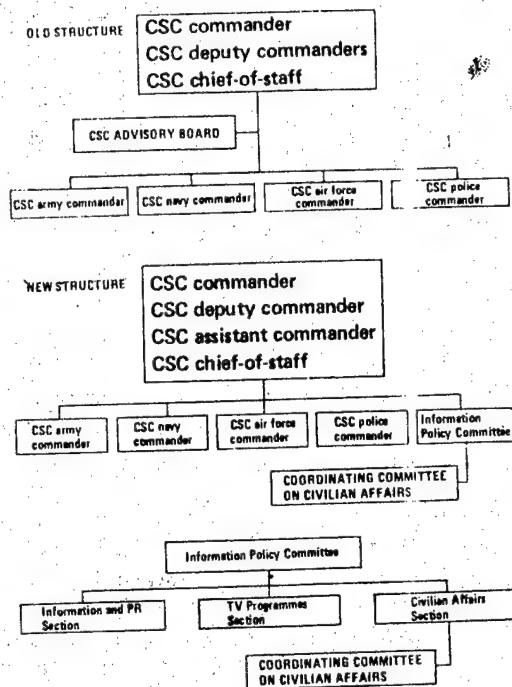
The insiders also pointed out that the numerous advisors came to offices because they had been nominated by various agencies. "These people were nominated through their connections with the agencies. Some of them were advisors to some agencies, others used to work with them or coordinate with the agencies," one insider said.

"This is why there were so many advisors and if one understands how they have been chosen, one will realize that the image that they were Gen Arthit's advisors was a misconception," he added.

Some of the advisors were also blamed for the "misconception" by giving away name cards misleading the people whom they contact into believing they were very close to Gen Arthit, the insiders said.

Because of the image, the re-organization was launched in a bid to rectify the negative ramifications from the existence of the think tank on the CSC commander's reputation.

"The commander is not ignorant over what have been going on," an insider said.



The sources said that Gen Arthit gave two instructions on the restructuring of the advisory board.

The first instruction was for the people involved in the shake-up to rename the advisory board of the CSC to eliminate the image that identified him with the think tank. The other instruction had it that the roles of the body should be clearly re-defined.

As a result of the re-organization, the think tank has become a committee, officially named the Coordinating Committee on Civilian Affairs, under one of the three sections in a newly-formed body, officially called the Information Policy Committee headed by Deputy Army Chief-of-Staff Lt Gen Chaovalit Yongchaiyuth in his capacity as CSC deputy commander. The Coordinating Committee on Civilian Affairs is part of the Civilian Affairs Section headed by Maj Gen Chamlaeng Uchukomol, First Army Region commander and ex-officio CSC chief-of-staff. The sources said that

Maj Gen Chamlaeng was named head of the section because he was formerly director of the civilian affairs.

The Information Policy Committee was set up also to incorporate the television programmes section headed by Lt Gen Wanchai Ruangtrakul, CSC assistant commander and assistant army chief-of-staff. The section was formerly one of about 10 divisions under the army force attached to the CSC, now headed by First Army Region Commander Lt Gen Pichitr Kulavanijaya.

The television programmes section is responsible for the well-known "Talks on Country's Problems", which is on air every Sunday night on the army-run Channel 7.

The other section which was incorporated in the Information Policy Committee is the information and public relations section headed by Army Secretary Maj Gen Naruedol Dejpradiyudh.

The committee comprises, apart from Lt Gen Chaovalit as chairman, Lt Gen Wanchai as deputy chairman, Assistant Army Chief-of-Staff for Civilian Affairs Lt Gen Charuay Wongsayant, and heads of the three sections under the committee. Maj Gen Chamlaeng also serves as the secretary of the committee.

The job description of the think tank was also clearly defined to the effect that it will provide counsel on issues involving students, labourers, farmers and slum squatters.

Given the old organizational structure, the think tank was somewhat downgraded to a level under the Information Policy Committee which is on the same level as commanders of the army, navy, air force and police forces attached to the CSC. According to the old structure, the think tank was placed between the top brass of the CSC and the commanders of the four forces.

In sum, the new name, structure and job description of the think tank and the fact that it has come under Lt Gen Chaovalit is apparently aimed at eliminating the image that it is Gen Arthit's. At the same time, it is also apparently designed to prevent the abuse of the positions as advisors.



BANK GOVERNOR SAYS INTEREST RATES MUST DROP

Bangkok THE NATION REVIEW in English 21 Dec 84 p 17

[Text] **BANK of Thailand Governor Kamchorn Sathirakul, saying that interest rates in Thailand tend to "go up easily but come down with difficulty," declared last night that the country's financial system is still lacking the flexibility to be compatible with local and international conditions.**

"It has long been obvious that interest rates for both deposits and loans are too high, considering the low inflation rate," he told a gathering of top businessmen at the annual function, the "Best Annual Reports for 1983," organized by the Securities Exchange of Thailand (SET) at Dusit Thani Hotel.

Kamchorn said that the public in general feels that the difference between deposit interest rates and loans is "too high" while there has been constant pressure to allocate credit for certain purposes at low interest, a move which makes it all the more difficult to adjust general interest rates to proper levels.

Kamchorn called upon all parties concerned "who have been citing various reasons for not taking the right kind of actions" to face the facts squarely together so that local interest rates will be more realistic and flexible.

The central bank governor said none of the parties involved in bank credit for development purposes is happy with the current situation despite the principles and limit laid down for credit extended to certain important economic sectors.

"But all parties concerned remain unhappy. There have also been excuses made about adding an interest burden on other economic sectors. The financial institutes themselves have complained about existing restrictions and limitations, which they said have forced them to follow policies that are not conducive to helping society," he said.

Kamchorn said that to resolve the problems related to interest rates and credit allocations, "I am of the opinion that the crux of the issue is in the overall financial structure, and that has to be improved promptly so that the prob-

lems of all quarters can be resolved without affecting others. . . And this will mean an improvement in attitude and boosting of efficiency."

The governor said that some legislative changes will be inevitable and rules and regulations will have to be amended. "It will take some time to achieve this goal but efforts along this line have been made on a regular basis," he added.

In adjusting the financial structure, Kamchorn added, it would be vital to open the way for international finance to play a constructive role in national economic development within the framework and steps that are appropriate. He did not elaborate.

Kamchorn said that the Finance Ministry and Bank of Thailand have to be firm on discipline and imposing rules and regulations, including debt policy. "That's why some actions taken by the authorities may be looked upon as being obstructive. But we have to take into consideration the national interest," he said.

In reviewing the country's 1984 economic performance and forecasting the situation in 1985, Kamchorn said that, despite some severe problems, Thailand registered an economic growth rate of 6 per cent for 1984 and an inflation rate of 1.5 per cent, while the trade deficit will go down by 20,000 million baht from last year and a surplus in the balance of payments will be recorded.

For 1985, he said, the general situation should be better than 1984. The agricultural sector in the new year should be better and the country's opportunities, competence and resources should be more apparent, "and that

should attract more investment in areas beneficial to the country."

Kamchorn believes that the chances for Thailand's export industrial goods to compete on the world market should also improve in the new year.

But he warned that the world's economy will either slow or pick up only slightly, making it unrealistic to expect a higher demand on the world market.

"But competition among exporting countries will be on the rise and protectionism in various forms shows no signs of declining. On the contrary, it might even intensify," he said.

Kamchorn said that price-cutting is already rampant for farm products on the world market. "Price levels are even lower than in 1984, thereby posing problems of releasing some of the products, causing unfavourable prices, which in turn affect local prices. That trend surfaced in 1984 and may spill over into 1985," he said.

He said that the country's growth rate should be around 7 per cent in the new year and the trade deficit should be down about 10,000 million baht, while the balance of payments should continue in the black.

"So, 1985 should be a better year than 1984, but how much better depends on how well we adjust along the right direction," he said.

Kamchorn said that although there shouldn't be undue alarm for the new year, "we should not, however, set too high an expectation either."

He urged businessmen to not only seek new and expanded markets but to maintain existing ones to the best of their ability. While the baht devaluation should help promote exports, he said, other factors will also be vital: production efficiency, cost-cutting and quality improvement.

CSO: 4200/361

PREM POST-DEVALUATION SITUATION ASSESSED

BK081432 Bangkok MATICHON SUT SAPDA in Thai 23 Dec 84 p 10

[Article: "Economic Problems: The Storm That Can Capsize the Prem Boat"]

[Text] The tense political crisis has abated step by step to the point that Prime Minister General Prem Tinsulanon can free himself from the trap of using "silence to overcome action," a useful strategy for every situation that has occurred in the past.

Admittedly, the baht devaluation conflict has become a source of direct conflict between Gen Prem Tinsulanon and General Athit Kamlang-ek that still cannot be resolved.

While the one was trying to explain the necessity of devaluing the baht, the other one appeared in public to attack the government strongly so as to force a cabinet reshuffle. Thus it cannot be said that anything was hidden behind the scenes.

A Government House source disclosed that on the night Gen Athit appeared on TV to attack the decision to devalue the baht, Gen Prem's security guards at his Sisao residence were actively preparing to the extent of putting on black suits to prevent anything happening to their "master."

"Preparation is essential to prevent any mistake if something happens. The situation is precarious. Now security guards are on duty in shifts 24 hours a day," a soldier of the security guard unit assigned to Sisao said.

It should be recalled that only shortly after the abortive 1 April coup staged by the "Young Turks," there was an assassination attempt on Gen Prem as he was going to dedicate a monument in Lop Buri Province, but the bullets missed. An investigation was launched to find out who was behind the assassination attempt, which involved the "Young Turk" group and the defeated communist insurgents. This case still cannot be closed because it has become a political issue that is not easy to deal with.

After that incident, Gen Prem had to arrange for a security guard unit to provide intensive protection and to use a bulletproof Cadillac sedan.

The situation after the baht devaluation conflict has been aggravated to the extent that there was a rumor that Gen Prem would dismiss Gen Athit from his posts during a trip to Phuphan Palace in Sakon Nakhon for an audience with the king as well as a rumor about another assassination attempt on Gen Prem. However, nothing happened.

"The conflict is so serious that there is an order to halt assistance to the government in solving problems, such as the strike by the railway workers and the paddy price issue. Gen Prem is not very pleased about this," a commanding officer told MATICHON, adding: "On the morning of 17 December, when a group of battalion-level commanders went to meet Gen Prem at his residence, they were asked whether he [Athit] had allowed them to come. The officers were puzzled by this question."

"If the conflict between Gen Prem and Gen Athit becomes more severe, it can lead to political tension, especially when one side does not accept the conduct of the other. Although the situation has calmed down and is smooth, it is like a bomb that may explode at any time," a political expert said.

"Each of them controls equal forces. It depends on how much support they can draw elsewhere. There are some factors to decide this matter, and there is no need to explain those factors," the political expert stressed.

In the past, businessmen maintained more contacts at the house at the foot of Kesakomon Bridge [Athit's residence] than at the Sisao residence, such as Chattri Sophonphanit, Tamchai Khamphato, Sawang Laohathai, and other businessmen.

"In the wake of the serious conflict, it seems that Gen Prem has increased his reputation while the famous businessmen and military officers who once were close to Gen Athit have gradually moved away from him, which is common in political circles," a high ranking officer said.

One important point worth watching closely is the role of political parties in supporting Gen Prem. These parties cannot be overlooked.

M.R. Khukrit Pramot, the leader of the Social Action Party, has expressed his opposition to a coup d'etat by the Armed Forces to the extent of being willing to lead a demonstration in Sanam Luang to oppose it. This might weaken the heart of some officers who thought of staging a coup.

Moreover, his show of support for the baht devaluation decision by speaking on TV to counter an important military officer--a first--has put the other side on the defensive.

For the Democratic Party, a member of the coalition government, there is also a close relation with Gen Prem because each side needs the other.

In regard to Gen Prem's political position, however, while there are factors supporting him that have caused the other side to back down, if he cannot lead his government through the economic crisis it will be difficult for him to serve out his term, and he may be forced to leave his post.

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PREM INTERVIEWED ON ECONOMIC, POLITICAL SCENE

BK101212 Bangkok MATICHON in Thai 9 Jan 85 p 3

["Exclusive interview" given by Prime Minister General Prem Tinsulanon to unidentified MATICHON reporter to mark paper's 9 January founding anniversary]

[Excerpt] [Reporter] What do you think about the general economic situation and the people's living conditions in 1984?

[Prem] Although we did not score any big economic successes in 1984, we can say that it was not a bad year for us. If we choose a particular group of individuals to study, we might find that there are a number of problems to be faced. If we look at the whole picture or consider the overall economic situation of the country, however, we will see that our economic growth rate in 1984 was 7 percent, which is a satisfactory level in comparison to the world's economic activity. This figure was confirmed by not only government technocrats but also by private institutes, such as commercial banks. It indicates that the overall economic situation of the country in 1984 was not bad at all.

Regarding the people's living conditions, I think we must consider the inflation rate before we can judge any improvement of the people's standard of living. All government and private institutes have agreed that the 1984 inflation rate was only 1.5 percent, the lowest in the past 12 years. Such a low inflation rate can help relieve the economic burden of the majority of the people.

[Reporter] The government has been criticized for tending to resolve problems for political purposes, even in its decision to devalue the baht.

[Prem] I am willing to listen to such criticism. If the government had been thinking only of its political interest, it would not have devalued the baht. We have considered the matter thoroughly and carefully, and we believe that the devaluation was necessary and will benefit the country as a whole. It marked the beginning of the effort to create permanent economic stability. Although there will be some problems arising from the devaluation, we are ready to cope with them.

I am determined to work industriously and honestly to resolve the problems of the country. I always adhere to this policy in dealing with all issues. I will give priority to the interests of the country and the people.

[Reporter] Have the cabinet members encountered any obstacles or difficulties in coordinating with each other to carry out their work?

[Prem] There has been no problem in this regard. All parties in the coalition government get along well. There has been no conflict in cabinet meetings or meetings of the economic ministers. We expressed our opinions and voted for the best. I reaffirm that we have not yet encountered any problem or difficulty.

[Reporter] There are differences of opinion concerning the constitutional amendment for the further development of democracy. What is the government's attitude to this?

[Prem] I think it is more appropriate to let the people decide through the parliamentary procedure.

[Reporter] Do you have anything to convey to the people at the start of the new year?

[Prem] I said at the beginning of this interview that it is necessary for us to practice austerity, buy Thai products, and accelerate exports to resolve the problem of trade imbalance and maintain the country's economic stability. I wish to take this opportunity to reiterate that the Thai people must jointly make a serious effort to practice austerity and try to buy locally produced goods.

Although it is the duty of the government and private business firms to promote the country's exports, the people in the production sectors, including farmers and factory workers, can also help us greatly by working harder, insuring high quality in our products, and reducing production costs so that our products can compete with foreign goods.

CSO: 4207/95

BIRTH CONTROL, TAX LAW COMBINED TO REDUCE BIRTHRATE

Bangkok THE NATION REVIEW in English 17 Dec 84 p 3

[Text]

THE PUBLIC Health Ministry will impose a new measure to control the country's birth rate by granting deduction of personal income tax only to a family with two children, a senior official said yesterday.

Deputy Director General of the Health Department, Dr Somsak Vorakamin, said the ministry has set a target to reduce the birth rate to 1.1 per cent by the end of the Sixth Economic and Social Development Plan in 1991.

Dr Somsak who is also director of the ministry's Family Planning Project said the new measure will allow tax deduction for only the first two children in a family, and other privileges such as financial assistance and free education in government-run schools will also be given to the first two children.

He said the Public Health Ministry will also campaign to reduce the birth rate by introducing family planning service in factories.

He described as satisfactory the family planning scheme since it started at the beginning of the Third Economic and Social Development Plan in 1972.

Those seeking family planning service from the ministry have increased by 30 per cent since 1972, he said, adding that 2.6 million people had used the service during the implementation of the Third Plan in 1972-1976 despite the fact that the ministry set a target of only two million people.

The ministry set a target of three million people during the Fourth Plan in 1977-1981 but five million new applicants turned up for the service, he said.

Between 1982 and 1984, the first half of the Fifth Plan, three million new applicants used the service while the ministry set a target of 4.9 million people for the entire five years of the plan, Dr Somsak said.

He expected 6,650,000 people to turn up for the ministry's family planning service during the five years of the Sixth Plan.

SHARI'AH URGED FOR THAI MUSLIMS

Bangkok THE NATION REVIEW in English 18 Dec 84 p 5

[Text] THE EXTENSION of Shari'ah (Islamic rules of life) principles to courts of law and the application of such principles to Muslims throughout the country would help enhance the unity, social order and security of Thailand, said a Thai Muslim scholar.

The recommendation was made yesterday by Dr Amnuay Suwanakijborihan, Faculty of Political Science at Chulalongkorn University, during his presentation of "Shari'ah and Society: Thailand Experience," at the International Seminar on Shari'ah and Social Order at the Bangkok Palace Hotel over the weekend.

Dr Amnuay said that the functions and tenets of religion play an important role not only in the development of a socio-cultural system, but they also prepare and develop people concerning almost all social interactions relating to economics and politics in the society.

Islam, he said, has a total, comprehensive, and complete set of society's concepts, theories and practices governing all aspects of people's lives.

He added that there are about 5.6 million Thai Muslims out of the total population of 50 million in Thailand. The Muslims, he said, have been living in scattered minority communities in about 40 provinces with a heavy concentration in the four southern provinces of Pattani, Yala, Narathivas and Satun.

"There are approximately 2,000 Masjids (mosques) in Thailand with Bangkok alone having 153 Masjids for about 500,000 Muslims, and about 1,200 Masjids are in the four southern provinces," Dr Amnuay said.

The majority of Thai Muslims live outside the four southern provinces, though many are of Malay origin in such places as in Minburi, Nongchok, Bangkok, Siyak Mahanak and Yan-nawa. Others in places such as Bang Oh, Bangkok-noi and Klong Bang Luang are descendants of Muslims from Ayudhaya; in Ban Krua from Champa and Kampuchea; and in Wad Koh, Tuk Dang and Customs Lane from Persians and Indians. Dr Amnuay said that all of these Muslims are practicing a dual culture, i.e. Thai culture and the culture of their ancestors.

CSO: 4200/361



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#### JURISDICTIONS UNDER MARTIAL LAW LISTED

Bangkok SIAM RAT SAPPADA WICHAN in Thai 16 Dec 84 pp 8, 9

[Article: "Martial Law Jurisdictions"]

[Text] On 5 August 1984, Gen Prem Tinsulanon, the prime minister, signed an order ending martial law in some zones. Martial law will remain in effect in the following zones:

1. Khao Phanom, Khlong Thom, Plai Phra Ya and Ao Luk districts in Krabi Province.
2. Muang, Thong Phaphumi, Thai Yok, Sisawat and Sangkhalaburi districts in Kanchanaburi Province.
3. Kuchinarai, Khao Wong, Kham Muang, Tha Khantho, Somdet, Sahatkhan, Nong Kungsi and Muang districts and Namon Branch District in Kalasin Province.
4. Khalung, Tha Mai, Pong Nam Ron, Makham and Laem Sing districts in Chanthaburi Province.
5. Phanom Sarakham and Sanam Chaiyakheth districts in Chachoengsao Province.
6. Bang Samung, Phanat Nikhom, Siracha and Sattahip districts in Chonburi Province.
7. Tha Sae, Lamae, Sawi and Lang Suan districts and Thung Tako and Phato branch districts in Chumphon Province.
8. Chiang Khong, Chiang Saen, Thoeng, Phan, Mae Chan and Mae Sai districts in Chiang Rai Province.
9. Chiang Dao, Fang and Mae Ai districts in Chiang Mai Province.
10. Muang, Palien, Yan Takhao, Sikao and Huai Yot districts in Trang Province.
11. All districts in Trat Province.

12. Tha Song Yang, Mae Ramat, Mae Sot and Um Phang districts in Tak Province.
13. Tha Uthen, Thatu Phanom, Nadae, Ban Phaeng, Pla Pak and Renu Nakhon districts in Nakhon Phanom Province.
14. Chawang, Chauat, Tha Sala, Thung Song, Thung Yai, Nabon, Phipun, Phrommakhiri, Ronphibun, Lansaka and Sichon districts in Nakhon Sithammarat Province.
15. Ra Ngae, Ruso, Waeng and Wi Sakhon districts in Narathiwat Province.
16. Chiang Klang, Thung Chang, Na Noi, Pua, Mae Charim, Sa and Muang districts and Santisuk Branch District in Nan Province.
17. Ban Kruat, Lahansai and Nong Ki districts in Buriram Province.
18. All districts in Prachuap Khiri Khan Province.
19. Kabinburi, Taphraya, Nadi, Prachan Takham, Wang Nam Yen, Wattana Nakhon, Sa Kaeo and Aranyaprathet districts in Prachinburi Province.
20. Chiang Kham and Pong districts in Phayao Province.
21. Muang, Kapong, Khraburi and Thap Put districts in Phangnga Province.
22. Muang, Kongra, Khuan Khanun, Khao Chaiyason and Pak Phayun districts and Tamot and Pa Bon branch districts in Phatthalung Province.
23. Chat Trakan and Nakhon Thai districts in Phitsanulok Province.
24. Khao Yoi, Cha Am, Tha Yang and Ban Laem districts in Phetchaburi Province.
25. Muang, Lom Kao and Lom Sak districts in Phetchabun Province.
26. All districts in Mae Hong Son Province.
27. Muang, Kham Cha-i, Dong Luang and Don Tan districts in Mukdahan Province.
28. Tanto, Betong, Ban Nang Sata and Yaha districts in Yala Province.
29. All districts in Ranong Province.
30. Klaeng, Pluak Daeng and Muang districts and Ban Chang Branch District in Rayong Province.
31. Chom Pung, Pak Tho and Suan Phung districts in Ratchaburi Province.

32. Chiang Khan, Dan Sai, Thali, Na Sae, Phu Kradung, Phu Rua, Wang Sa Phung and Muang districts and Na Duang Branch District in Loei Province.

33. Khun Han and Kantharalak districts in Sisaket Province.

34. Kut Bak and Muang districts and Tao Ngoi and Khok Siuphan branch districts in Sakon Nakhon Province.

35. Na Thawi, Sadao and Saba Yoi districts in Songkhla Province.

36. Khwan Ka Lang, Thung Wa, Langu and Muang districts and Khwan Don Branch District in Satun Province.

37. Kanchanadit, Khien Sa, Khirirat Nikhom, Ban Takhun, Ban Naeao, Phanom, Phra Saeng and Wiang Sa districts in Surat Thani Province.

38. Kapchoeng, Buachoet, Prasat and Sangkha districts in Surin Province.

39. Sophisai, Tha Bo, Bung Kan, Phonphisai, Si Chiang Mai and Sangkhom districts in Nong Khai Province.

40. Na Klang, Nam Som, Ban Phu, Wang Sam Moh, Si That, Si Bun Ruang, Suwanna Khuha districts in Udon Thani Province.

41. Nam Pat and Fak Tha districts in Uttaradit Province.

42. Lan Sak and Ban Rai districts in Uthai Thani Province.

43. Khemmarat, Khong Chiem, Chanuman, Na Chaluai, Nam Yen, Bontharik and Phibun Mangsahan districts in Ubon Ratchathani Province.

This went into effect at 0600 hours on 9 August 1984.

11943

CSO: 4207/93

## ROLE OF CLASS 5 OFFICERS DISCUSSED

Bangkok SIAM RAT SAPPADA WICHAN in Thai 16 Dec 84 pp 4, 5

[Article: "The Path of CRMA Class 5 Officers, Proof That They Are Professional Soldiers?"]

[Text] Among the movements in military circles that should be watched closely are the movements of CRMA [Chulalongkorn Royal Military Academy] Class 5 officers. Because 31 of the Class 5 officers are now generals. Of these, 22 are in the army, 7 are police officers and 2 are in the air force. Of the 22 in the army, 11 are divisional commanders. They also hold many other important positions. Whoever the Class 5 officers throw their support to will have a very strong military base, which means that that person will also have great political power.

"We must watch and see what role Class 5 will play."

Whoever overlooks the importance of Class 5 officers will have shown great carelessness. At the same time, it is also wrong to think that Class 5 officers form a united body and that they all think alike.

Class 5 officers are important because they control 11 army divisions. And the army does not have very many divisions. Almost all of the important divisions are commanded by Class 5 officers. The exceptions are the 4th and 5th divisions, which are commanded by CRMA Class 4 officers. Besides this, the new reserve divisions are commanded by Class 5 officers. Those who hold important positions are as follows:

(1) Maj Gen Isaraphong Nunphakdi, commander of the 1st Royal Guards Infantry Division, (2) Maj Gen San Siphon, commander of the 2nd Infantry Division, (3) Maj Gen Somphon Toemthongchaiya, commander of the 3rd Infantry Division, (4) Maj Gen Bunthaen Nienchaloei, commander of the 6th Infantry Division, (5) Maj Gen Choetchai Thiratthanon, commander of the 9th Infantry Division, (6) Maj Gen Woraphim Sityabut, commander of the 11th Division, (7) Maj Gen Wirot Saengsanit, commander of the AAA Division, (8) Maj Gen Phuchong Ninlakham, commander of the Artillery Division, (9) Maj Gen Wimon Wongwanit, commander of the 1st Special Forces Division, (10) Maj Gen Khachon Ramanwong, commander of the 2nd Special Forces Division, and (11) Maj Gen Ariya Ukhosakit, commander of the 2nd Cavalry Division.

Class 5 officers who hold important positions in the army include Maj Gen Suchinda Khraprayun, the director of army operations, who has always been the president of Class 5, Maj Gen Prasoet Sanrit, the director of army personnel, Maj Gen Chamlaeng Uchukomon, the chief of staff of the First Army Area, Maj Gen Sakan Sathityuthakan, the commander of the Bangkok Military District, Maj Gen Thawisit Sangsamuang, the commander of the Chonburi Military District, Maj Gen Chatchom Kanlong, the director of logistics, Col Phaeo Phaeophisakun, the commander of the Artillery Regiment, Col Choe Phothisinat, the deputy commander of the 3rd Division, Col Amphon Butmek, the deputy commander of the Artillery Center, and Col Loet Phungphak, the secretary of Class 5 and the secretary to the minister of interior.

The most important group is the group of Maj Gen Suchinda Khraprayun, the director of army operations. This is the largest group of Class 5 officers. Key figures in this group include Maj Gen Isaraphong Nunphakdi, the commander of the 1st Royal Guards Infantry Division, and Col Loet Phungphak, the secretary of Class 5. Lt Gen Chawalit Yongchaiyut, the deputy army chief of staff, is the "brains" of this group. This group has always had very close relations with Lt Gen Chawalit. This has always been the foremost group in Class 5. This is evident from the fact that Maj Gen Suchinda has always been reelected class president.

This group clearly sides with Gen Prem Tinsulanon. It has two important links [to Gen Prem], that is, Gen Sitthi Chirarot, the minister of interior, who has never been afraid of anyone, not even Gen Athit, and Lt Gen Chawalit Yongchaiyut, or "Big Chiu," who wants to become RTA CINC, too. As long as Gen Prem Tinsulanon is prime minister, Gen Sitthi Chirarot will be the minister of interior and Lt Gen Chawalit will have a chance to become RTA CINC. Thus, this group will certainly do everything it can to keep Gen Prem in power.

At the same time, Maj Gen Isaraphong Nunphakdi has become an important figure today because of the support he has received from Gen Athit, who helped him become the commander of the 2nd Regiment in Prachinburi in place of Col Prachak Sawangchit and commander of the 6th Division. Even though he made mistakes when driving the Vietnamese out of Surin, he was still made the commander of the 1st Royal Guards Infantry Division. This shows that Gen Athit Kamlangek feels that "Big Tui" is definitely on his side. But looking back a moment, it can be seen that "Big Tui" is well liked by many senior people. Those who have seen his great courtesy have always liked him. In short, everyone likes "Big Tui." In particular, "Big Tui" has such great respect for Gen Prem that he calls him "father." Thus, while Gen Athit may think that "Big Tui" is loyal to him, that may no longer be true.

Another important group is that of Maj Gen Wirot Saengsanit, the commander of the AAA Division. Members of this group include Maj Gen Phuchong Ninlakharn, the commander of the Artillery Division, and Police Maj Gen Bunchu Wangkanon, the commander of the Crime Suppression Division.

This group sided with Gen Athit just after he suppressed the rebellion. Gen Athit has used this group to keep an eye on the young turks. It was Maj Gen Phuchong Ninlakhom who persuaded Police Maj Gen Bunchu to offer his loyalty to Gen Athit. A news source said that it was Gen Athit who exerted pressure to have Police Maj Gen Bunchu appointed commander of the Crime Suppression Division.

This group always sided with Gen Athit and used its power to take action against the young turks. But later on, the young turks became reconciled with Gen Athit. But this group wanted to take further action against the young turks and so it went to Gen Prem Tinsulanon, who has had difficult relations with the young turks, and asked permission to take further action. This led to a dispute over the arrest of several young turks. Thus, this group began to lean more toward Gen Prem and to use Gen Prem as its shield. At the same time, this group has served as Gen Prem's protector.

Another small group of Class 5 officers does not side with anyone. This group came into being based on talents and work sector. It is composed of professional soldiers. Members of this group include Maj Gen Wimon Wongwanit, the commander of the 1st Special Forces Division, and Maj Gen Khachon Ramanwong, the commander of the 2nd Special Forces Division. The other groups are trying to get this group to side with them since the members of this group control important forces. If this group does throw its support to some group, that group will have great power. Whom this group leans toward is not clear since these officers stick to their jobs and do not do things just to gain a name for themselves.

Thus, it can be seen that Class 5 plays a political role, even if its role is not as prominent as that of politicians in general.

However, the fact that the cabinet appointed Class 5 officers such as Col Loet Phungphak, Maj Gen Wirot Saengsanit, Maj Gen Ariya Ukosakit, Maj Gen Isaraphong Nunphakdi and Maj Gen Suchinda Khraprayun to the cabinet council clearly shows that they were being compensated politically.

It is difficult to deny that the appointment of these people to the cabinet council was a political matter. Besides the fact that this was compensation, it was also a political statement to the effect that the officers in this group are close to Gen Sitthi Chirarot, the minister of interior, who is close to Gen Prem.

It can be seen that Class 5 officers are involved in politics indirectly, if not directly. While Class 5 has said that the junior class will have to be "kicked into line," it is members of Class 5 who have to be "kicked in the butt."

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MILITARY SOURCES VIEW ATHIT SUCCESSORS

Bangkok SIAM RAT SAPPADA WICHAN in Thai 23 Dec 84 pp 4, 5

[Article: "Athit-Banchop: The Future of the Army In 1987, Who Will Be On Top?"]

[Text] In the view of people in general, Gen Athit Kamlangek, the supreme commander and RTA CINC, is in a difficult position. His star, which once shone so brightly, is now waning. He now finds himself in a position of "no pull from above and no push from below."

Many people feel that Gen Athit Kamlangek is like a tall tree that is about to fall. Most of the birds that once perched there are flying away. Only a few faithful "birds" still cling to the tree.

Gen Athit still has 10 more months before he retires. In Thailand, 10 months is a long time. Many things could happen in that time. During these 10 months, Gen Athit still has the right to reshuffle soldiers at least two more times. This is sufficient to keep most people from taking any action.

Thai politics can be compared to a game of chess. Victory or defeat depends on the [chess] king. Whoever captures the other's king wins. Thus, in Thai politics, it is the "king" that is important. At present, the various sides are all claiming that they have the "king." Operations to claim possession of and capture the king are taking place on an unprecedented scale. In a chess game, a single mistake can mean total defeat. And recently, people feel that Gen Athit made a mistake when he openly criticized the devaluation of the baht.

A news source close to Gen Athit said that Gen Athit's position is not as bad as people think since there are several factors that people in general do not know about; only those close to him at the top know about these things. As for Gen Athit keeping a low profile and refusing to meet with Gen Prem or to discuss anything except military matters, which to many people indicates that Gen Athit is in "hiding" and does not dare confront Gen Prem, the news source said that this is not the case at all.

"He is not saying anything now because he already spoke out. He is waiting to see the results of the devaluation, which he opposed." The news source said that because of what happened, Gen Athit has had time to take stock of himself and look around him. What took place has enabled him to see things more clearly. Otherwise, he would not have said that "it was good that I spoke out. This has enabled us to see who our friends and enemies are."

The military news source said that this has not harmed Gen Athit at all. And the good thing is that Gen Athit now knows which of his subordinates are loyal and which are not. He still has time to correct things. A clear indication that Gen Athit is aware of things is that he told those who produce the "Army Meets the People" program that "if we look into a person's eyes, we can see what they think. We can tell which people who were once loyal are beginning to turn against us."

Another important question that needs to be analyzed is whether Gen Athit Kamlangek, the supreme commander, RTA CINC, director of communist suppression activities and director of the Village Peacekeeping and Development Forces, will be granted an extension after what has taken place.

Many people are certain that Gen Athit has lost all chance of gaining an extension. Some people have said that Gen Prem will grant him an extension as supreme commander only and that his term as RTA CINC will not be extended. This is another spear pointed at him. But military news sources close to Gen Prem and Gen Athit said that there is still a chance of Gen Athit receiving an extension even if this is less likely than before.

A military news source explained that people have made criticisms based on their feelings. The first thing that must be understood is that an extension is an extension in government service, not an extension in a particular position. The matter of a person's position is something that has to be discussed afterwards. According to Ministry of Defense regulations, the position of supreme commander must go to the most senior commander in chief. If Gen Athit retires from the position of RTA CINC, the most senior person will be Air Chief Marshal Praphan Thupatemi, the RTAF CINC. Thus, Air Chief Marshal Praphan will automatically become supreme commander. If Gen Athit is granted an extension and if he remains the RTA CINC, he can keep his position as supreme commander, too.

A military news source said that he thinks that Gen Athit will be granted an extension because this has already been recommended, and it was recommended by almost all officers. Thus, it can be said that this is the wish of the army. Gen Prem will certainly not oppose the wishes of the army.



Second, among soldiers there is the saying that "blood is thicker than water." Most senior officers graduated from the same academy. They have shared the same joys and sorrows and fought side by side. It would be difficult for soldiers to kill each other. At most, they might argue with each other before reconciling their differences. "Gen Prem will not get too angry or stay angry. Believe me," said the news source.

The important thing is that Gen Athit is the one who helped Gen Prem gain an extension. Everyone knows this. When it becomes Gen Athit's turn, if Gen Prem does not do what he said he would, he will lose support in the army. Others will view him as a traitor. Thus, not granting an extension to Gen Athit would be very damaging to Gen Prem.

There is also another reason and that is that, Lt Gen Phichit, as everyone knows, is the favorite of Gen Athit, and he wants to become RTA CINC in the future. But now, Lt Gen Phichit, or "Big Sua," does not have sufficient prestige and so he wants Gen Athit to remain in service so that he can take over from him in the future.

But a news source in political circles commented that the above analysis underestimates Gen Prem Tinsualanon. Gen Prem is not an ordinary politician. "The slayer from the Chao Phraya Basin" is a nickname that indicates his qualities. He is stubborn. He is a fighter, but he is also a very calm person who has great self-control. Thus, many people think that he will do something so that he does not have to grant an extension to Gen Athit.

If Gen Athit is not granted an extension, the person who replaces him as RTA CINC will certainly not be Lt Gen Chawalit Yongchaiyut since he is still too young. The most likely person at present is Gen Banchop Bunnak, the chief of staff of the army who has 1 more year left before he retires. He is the most senior person, and he has remained neutral. He is friends with both sides. He has good human relations and is well liked by many officers, including Gen Athit and Gen Prem.

Gen Banchop Bunnak was a nonentity as far as many people were concerned since he was the chief of the Office of the Army Comptroller. But because Gen Athit liked and trusted him, he made him the deputy chief of staff of the army. Later, he became the chief of staff of the army. Besides being an open and honest man, Gen Banchop is a quiet person who lets his superiors be the ones to express opinions.

If good fortune does smile on Gen Banchop, he will probably play a role similar to that played by Gen Prayut Charumni, who served as a "caretaker" for 1 year.

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2 FEBRUARY 1985

THAILAND

SRV OFFENSIVE SEEN AS MOVE FOR 'DIRECT'

BK091726 Bangkok SIAM RAT in Thai 8 Jan 85 p 3

[Editorial: "The Vietnamese Scheme To Press Thailand?"]

[Text] Fighting between the Vietnamese-Heng Samrin troops and the Cambodian tripartite forces, or the Democratic Kampuchean forces, has become more violent since 25 December, when the Vietnamese-Heng Samrin side launched a fierce attack on the Son Sann faction's Nong Samet encampment, or Rithisen encampment, causing several tens of thousands of civilians living at the camp to flee for shelter in Thai territory.

Since August 1984, the Vietnamese-Heng Samrin forces have attacked the Ampil encampment for test or harassment purposes, causing anxiety for military analysts of the Cambodian tripartite forces that the fighting started before the end of the rainy season, which is unusual, because the Vietnamese-Heng Samrin troops might adopt a new strategic plan to carry out harassment operations so that the Cambodian tripartite forces could not hold their ground and would feel hesitant. Military reports at that time cautioned that the Vietnamese-Heng Samrin forces would launch simultaneous attacks on many points of the Cambodian tripartite forces' encampment near the Thai-Cambodian border to completely win this war.

However, the situation is not like that. The reason is that Vietnam lacks readiness in the transportation of logistic supplies, especially now that the Soviet Union has suspended assistance of petroleum products for Vietnam, and even its financial aid is insufficient.

A recent BBC report confirmed that Vietnam tried to solve the problem by seeking loans from India while Indira Gandhi was alive. It requested a \$100 million loan, apparently for economic development. A diplomatic source reportedly said the Indian Government was very hesitant because it is necessary to consider the economic problems of its people before providing assistance to anyone, especially since the people in some states are very poor.

Vietnam tries to find ways to buy time in order to win the Cambodian war so the Heng Samrin side can administer the country. However, this hope is distant because Vietnam has engaged in war for a long time and its resources have been depleted to the extent that it must depend on others. It is questionable

how long Vietnam can bear the war; there are even signals that its troops have begun to run away.

The Hanoi administration is now in a very difficult position in this regard, but it still insists that its side is righteous and that it is the one to help the Cambodians abolish hardships. In practice, Vietnam tries to do every thing in order to swallow the Cambodian race.

The Vietnamese-Heng Samrin forces' current fierce offensive in Cambodia is possible because it knows that its strength has been exhausted. It tries to launch fierce offensives and deliberately makes the fighting spill over into Thai territory. It is believed that fierce fighting will occur during this dry season because intelligence reports say that Vietnam will use the fighting to press ASEAN, particularly Thailand, to hold direct negotiations with Vietnam without an international conference on the Cambodian issue.

If Vietnam really has such a wish, it seems to be a very difficult matter because there is no signal from ASEAN that it needs such negotiations. If such negotiations were held, it would be tantamount to annulling the ASEAN resolution calling on all relevant sides to join in resolving the Cambodian problem.

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#### BRIEFS

PRK TO RELEASE DETAINED FISHERMEN--Chia Kokphon, an MP from Samut Sakhon Province who is also president of the Fishermen's Association of Thailand, informed SIAM RAT that talks to obtain the release of 302 Thai fishermen and boats captured by Cambodian authorities while fishing in international waters near Cambodia were successful and Cambodia has agreed to release the fishermen, who will have to pay their own travel expenses back home. Chia said batches of 30 Thai fishermen will be flown back by Thai Airways to Bangkok on 14, 17, 21, 24, 28, and 31 January and on 4, 7, and 11 February. The first batch arrived in Bangkok yesterday [10 January]. [Text] [Bangkok SIEM RAT in Thai 11 Jan 85 p 12 BK]

ATHIT ACCUSED OF MANIPULATING ORDERS--Talking about the extension of the official term for "Khun A" [General Athit Kamlang-ek], it looks rather dim and it may be a year of fruitlessness for him. Guessing from Pa's [Prime Minister Prem Tinsulanon] remark that "this must be done step by step, son" in accordance with official procedure, there is only a 70 percent chance of the extension. But if "son" continues to behave as a rogue and leave behind official jobs on a trip abroad accompanied by a Miss Universe, prompting a superior to backdate his orders, this is not very nice. Isn't it true, Air Chief Marshal Phaniang Kantarat? [Text] [Bangkok MATICHON SUT SAPDA in Thai 6 Jan 85 pp 42, 43 BK]

BURMA TO RELEASE FISHERMEN--Chia Kokphon, secretary to the commerce minister and chairman of the Fishery Association of Thailand, disclosed that 400 to 500 Thai fishermen have been arrested by Burmese authorities in the past 1 to 2 years. The Burmese Government has now agreed to release 302 Thai fishermen and a Buddhist monk, who will be returned to Thailand in 10 groups from 10 January to 11 February on Thai International flight TTG 306, which arrives in Bangkok at 1745 hours. Chia said that this is the largest number of Thai fishermen ever released by the Burmese Government, adding that he did not know why the Buddhist monk had been arrested and released. Personal belongings of the Thai fishermen were confiscated by Burmese authorities. [Text] [Bangkok MATICHON in Thai 10 Jan 85 p 2 BK]

SRV MAY HOLD AMPIL FOR SOME TIME--Colonel Chettha Thancharo, deputy commander of the Burapha task force, says that the Vietnamese attack on Ampil camp on 7 January did not inflict heavy casualties on the Democratic Kampuchea side because they were prepared for the attack. Although the Vietnamese troops

captured Ampil, they wasted over 5,000 artillery shells and used both ground forces and tanks during the assault--and this was quite an expensive investment. Asked why the Vietnamese troops did not burn the encampment as they did with Rithisen, across from Thailand's Nong Samet village, Col Chettha said that the military is investigating the matter, but it is believed that Vietnam might want to hold the area for some time. There should be no prolonged presence of Vietnamese troops in the area as this would put pressure on Thailand. [Text] [Bangkok Domestic Service in Thai 0530 GMT 10 Jan 85 BK]

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VANUATU

GOVERNMENT CONDEMNS VIOLENCE IN NEW CALEDONIA

BK130816 Melbourne Overseas Service in English 0800 GMT 13 Jan 85

[Excerpt] Vanuatu has condemned the violence in New Caledonia and called for greater regional consultations within the South Pacific Forum and with the French Government on the Situation. In a government announcement, Vanuatu repeated its call to France to use all means it has available to bring about independence for the territory.

The government said it was worried that the political situation in New Caledonia might be getting out of hand.

In Noumea, both pro- and anti-independence groups have declared a period of mourning for the three people killed in the latest violence.

CSO: 4200/389

REGIME TIGHTENING UP SOCIAL, ECONOMIC CONTROLS

Stockholm SVENSKA DAGBLADET in Swedish 8 Dec 84 p 6

[Article by Tom Hansson, SVENSKA DAGBLADET correspondent in Vietnam: "Social Controls Tightened in Vietnam--Unsuccessful Flight Is Punished"]

[Text] Ho Chi Minh City. It is barely six in the morning. In the faint morning haze there are small groups of the city's Chinese inhabitants already deeply immersed in the day's Tai Chi Chuan practice. Along the banks of the Saigon River the movements are carried out with painstaking slowness.

"Sometimes I wish that I could be changed into a log, to roll down into the water and imperceptibly float with the river out into the South China Sea."

Hien is 23 years old. He and his four siblings have tried three times--with the help of their parents--to escape. The uncertain boat trip to Thailand, Malaysia or Singapore would, if successful, cost their parents \$3,000 per child.

"But each time the police caught us," said Hien. "The last time I was sentenced to 14 months in a labor camp."

Because of the escape attempts Hien's family no longer gets state food rations, but they are forced to pay the high prices of the free market. They have also lost the right to state work, and must themselves pay for their children's schooling.

"Recently the representatives of the authorities came to our shop," said Hien's father. "They measured the space and said that it was too large. Now we must move to a smaller location a long way from here, where it will be difficult to support ourselves."

About 600,000 people have illegally left Vietnam since the end of the war in April 1975. One tenth of these never made it. Leaking boats, storms or pirates put an end to their flight.

Nearly 68,000 Vietnamese have chosen to leave the country legally under the auspices of the UN Refugee Commission UNHCR-administered Orderly Departure Program. Today about 2,000 people leave Vietnam per month the legal way, and the same number chooses the illegal way.

To apply for emigration permission costs \$14.50 officially (160 kronor on the official exchange rate, over 2,000 kronor on the black market). In reality, however, a Vietnamese in the emigration line can expect to pay between \$2,000 and \$3,000, the same price as to purchase a place on a boat illegally.

"The waiting time can be anything from several months to several years," said a 42-year-old teacher, "depending on how much one can pay in fines. And although there is no law prohibiting emigration, making an application means that you will soon lose your job and your home."

In Vietnam today there are about 450 Vietnamese who have close relatives in Sweden who have permission to enter Sweden, but still have not been given permission to leave. About half of these were granted entry permission before March 1983, and many have waited since 1980.

At the high point of the wave of refugees there were 10,000 people leaving Vietnam each month. The number has declined considerably, but still--nearly 10 years after liberation--50,000 Vietnamese per year choose to leave Vietnam legally or illegally.

"It is true that the rigid collectivization of agriculture and nationalization of industry which drove many to escape at the end of the 70's has been stopped. But the more liberal policies of the early 80's have again been replaced by new attacks against private business," said a 36-year-old restaurant owner.

#### Private Businesses Close

Higher taxes, with taxes five times as high in some cases for private business, are such an attack. Private businesses are also "invited" to join cooperatives.

"If I join a cooperative I would hardly get anything at all after wages, taxes and other fees," said the same restaurant owner. "Then I would just as soon close."

Many large private shops and restaurants have also closed during the past year. One example is the large book store in Ho Chi Minh City, one of the few places where one could still buy foreign literature.

"The law which went into effect in March 1983 applies to big businesses," said Vu Hac Bong, head of the Foreign Ministry section in Ho Chi Minh City. "There is a shortage of food in this country. It is not appropriate to make a lot of money operating a restaurant. If they want to continue they must be prepared to pay."



Many people with whom SVENSKA DAGBLADET spoke consider that the growing social controls are the greatest problem. Stories of people being reported by their neighbors and parents being reported by their own children are often heard. These phenomena are encouraged among other things by morally edifying TV programs.

Also--according to the authorities--there are still 10,000 people held in so-called reeducation camps. Independent calculations estimate that there were at least 44,000 people in 14 camps in 1982. The same year a U.S.A. report gave the figure of 100,000 in at least 40 camps. The real figures are impossible to obtain.

"Only people who committed serious crimes during the war are being held in reeducation camps," said Vu Hac Bong. "And we have stated that we are ready to send them to the United States. But none are being held for political or religious reasons."

#### Criticism From Amnesty

There are, however, regular reports of imprisoned authors, intellectuals and religious activists. The same reports also tell of beatings, torture, reduced food rations and hard forced labor.

In December 1979 a delegation from Amnesty International visited Vietnam. In its report Amnesty criticized the government for holding people imprisoned without trial.

As recently as May this year there was a raid against authors in Ho Chi Minh City. Doan Quoc Sy, 56-year-old university professor, was among those seized. Today he is in T20 prison (T stands for the Vietnamese word "tu" which means prison) in Ho Chi Minh City, accused of having written a letter 2 years ago about the situation of authors in Vietnam.

"It is difficult to maintain contact with relatives in reeducation camp," said a man whose wife has been in a camp in southern Vietnam for 4 months. They can receive one letter per month, one carefully censored page. And only one visit per year is permitted, with a 20 minute conversation in the presence of a guard.

#### Catholics in a Balancing Act

For Vietnam's 3.5 million catholics--of which 2.5 are in the south--the situation is somewhat of a balancing act. The church still has ties to the Vatican, even though the authorities are trying to create an organization of "patriotic" Vietnamese catholics, separated from Rome. Archbishop Nguyen Van Binh of Ho Chi Minh City is one who has protested against the authorities' involvement.

"We want to live in harmony with the government," he said. "But the lower cadres do not understand that; they see us as enemies. Certainly the churches

are open and we can hold masses, but since 1975 we have not been allowed to ordain new priests. We also lack Bibles, among other things, but we can borrow them from the protestants. Despite the difficulties, however, more people are coming to church."

According to Amnesty there are estimated to be 150 priests imprisoned in Vietnam. The authorities say that the priests are "disguised opponents of the regime," and they deny that they are imprisoned for religious reasons. Even buddhist leaders--primarily the members of the United Buddhist Church known during the war--have been imprisoned for different periods.

#### Private TV Shops

But despite the imprisonment of dissidents and despite continuous interference in private business affairs, southern Vietnam in general and Ho Chi Minh City in particular continue to have an allure for the inhabitants of northern Vietnam. A greater degree of free thinking than in the north, plus a richer offering of goods and culture--although censored--are some of the reasons.

"I was in Hanoi once, and that was once too often," said a young Vietnamese who had just parked his Honda motorcycle outside one of Ho Chi Minh City's private TV shops. "Just a lot of squares, and nothing to do in the evenings."

The authorities do not put it exactly that way. They admit that there is a more liberal economic policy in the south, but they maintain that there is no conflict between the north and the south.

"Except that people in the north are perhaps more reserved," said Vu Hac Bong. "And so they can plan better. Here in the south people are not so well organized economically, they spend all their money."

It is certainly true that southerners spend more money. Probably Ho Chi Minh City is the only place in Vietnam where late in the evening one can see a family count out 35,000 dong on the counter of a state shop to pay for a new 14-inch Toshiba TV.

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